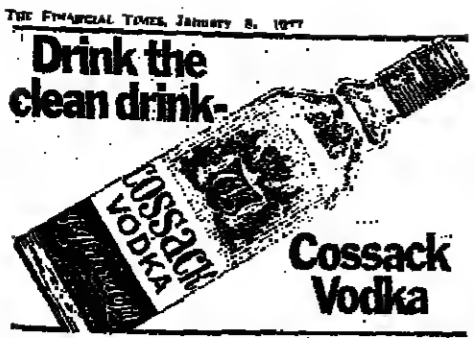


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NEWS SUMMARY

GENERAL

Nyerere gives guerilla pledge

Mr. Ivor Richard, Rhodesia conference chairman, yesterday won the assurance of President Nyerere of Tanzania that the guerilla war in Rhodesia would end when majority Government had been formed there.

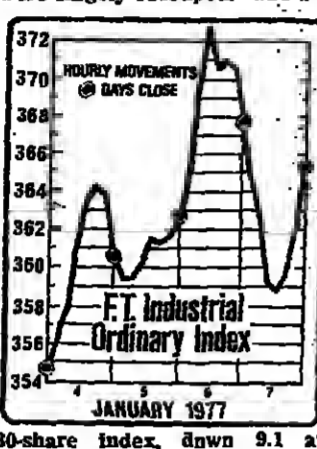
President Nyerere emphasised that such a Government must represent "a true transfer of power to the people of Zimbabwe," while welcoming Britain's decision to take part in an interim administration.

The assurance given by President Nyerere appears to go a long way towards meeting conditions understood to have been set by Mr. John Vorster, the South African Prime Minister, before he would be prepared to support the British proposals. Page 13

BUSINESS

Equities gain 10.6 in week of activity

● EQUITIES were lively with official markings, at 7.884, the highest since March 3, 1976. Early losses among the leaders were largely recouped. The FT



Call for trial of Mao's widow

Lhasa radio, Tibet, yesterday broadcast a call to bring to trial Chairman Mao's widow and her three colleagues who were arrested in October for attempting to usurp power. The call comes as pressure appears to be building up in China for action against the gang of four.

Carter responds to summit plan

Mr. Jimmy Carter, U.S. President-elect, has written to President Ciscard d'Estaing accepting in principle the French President's proposal for a summit of Western industrial nations. The meeting may take place in Britain in June. More Carter jobs, Page 18

Fraud godfather jailed 7 years

Property dealer Geoffrey Leonard Allen, 58, known as The Godfather, was jailed for seven years at Norwich yesterday for trying to defraud the Royal Insurance Company and the County Fire Office of a total of more than £300,000. Four men accused with him were sentenced to suspended 12-month terms after an 82-day trial ending an estimated £750,000.

Flights disrupted

Flights from London's Heathrow airport were disrupted yesterday when 600 baggage handlers walked out over a pay claim. No inter-continental long haul flights will leave the airport over the week-end.

Czech arrests

Cracking down on a new civil rights movement, the Czechoslovak authorities arrested four of the 297 signatories of a manifesto called Charter 77. Page 11

Briefly . . .

Members of the National Union of Journalists working at BBC local radio stations are being told to hold short, sharp stoppages from Monday in support of a three-week-old dispute at Radio Sheffield over the use of a green-proofer for sports coverage.

Police are investigating the fire in which 10 men died on Wednesday night at an old people's home near Hull.

One man was injured and 12 patients were evacuated after an explosion yesterday at the Royal Edinburgh Hospital.

British Rail is to begin changing track at London's King's Cross station this month in readiness for 125 mph services due later in the year.

The National Union of Students is to investigate the alleged activities of KGB, CIA, BOSS and Indian SAS agents in British universities.

Sir John Gielgud has been elected President of the Royal Academy of Dramatic Art in succession to the late Dame Edith Evans.

Fresh setback for Leyland

● CAR IMPORTS last month soared to an all-time high of 46 per cent. Ford recaptured market leadership from Leyland, following the disruption caused by the labor dispute at Rothery Owen, one of its principal component suppliers. Back Page

● RUBERY OWEN conveners of the West Midlands motor components plant's two biggest unions have refused to attend an important meeting on procedure next week. Page 13

● MINERS' negotiations with the Coal Board on early retirement have led to a similar claim on behalf of the industry's 20,000 supervisors. Page 13

● WEST GERMANY'S Gross National Product rose 5.6 per cent in real terms last year, in line with recent Ministerial predictions, according to preliminary Federal Statistical Office figures. Page 18

● PRIVATE HOUSEBUILDERS expect to start work on just over 300,000 homes this year, fewer than during the last recession in 1974. Page 10

● BUSINESS FAILURES last year were the highest for five years, according to Trade Indemnity Company. Page 10

● AMERICAN MOTORS will at best break even in the fiscal year to September 30, compared with a loss of \$48m. last year, Mr. William Luneberg, its president, warned union officials. Page 18

● THOMAS COOK is freezing the prices of all its European summer holidays.

● PIRELLI SPA has increased its capital by £50m. (about £35m.) through a rights issue. Page 18

● IMPERIAL KNIFE has raised its offer for Richards of Sheffield to 30p a share in cash. Page 15

GRIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

Woolley Hughes	105	+ 9
Shell Transport	408	+ 8
Boag & Co.	122	+ 20
CRU	290	+ 15
Hammersley	265	+ 10
Minoreo	188	+ 5
Palabora	800	+ 40

RISERS:

Treas. 10% 1990	£22 + 12
Treas. 15% 1996	£101 + 20
War Loan 3 1/2	£20 + 10
Allen Harvey & Ross	£20 + 10
Carroll (P. J.)	£20 + 10
Dunford & Elliott	46 + 4
Dunford & Elliott	25pm + 16
Dunlop	51 + 5
Gardner (L)	140 + 13
Gold Field Prop.	£20 + 10
Hunting Assoc.	£2 + 6
Lucas Inds.	412 + 19
Limfood	215 + 3
Perry (H.)	65 + 4
Photax (London)	24 + 4
Richards (Sheffield)	29 + 3
Swan Hunter	46 + 4
Westwick Products	55 + 4

FALLS:

British Home Stores	148	- 3
De La Rue	242	- 10
GEC	168	- 12
Harrison & Crossfield	412	- 19
Lucas Inds.	412	- 19
Metals Box	250	- 6
Rank Org.	145	- 7
Speer & Jackson	120	- 8
Thomson	385	- 5
Thorn Elect. A	212	- 10
Weyburn Engin.	945	- 16

Nuclear company may be given new export role

BY DAVID FISHLOCK, SCIENCE EDITOR

A scheme to turn the Nuclear Power Company into a turnkey engineering contractor—with all the resources needed to compete in overseas, mainly Middle East, markets for power plant—will be put to the Cabinet when it discusses the recent study of the U.K. power plant industry by the Central Policy Review Staff (Think Tank).

The need for a new organisation and possibly new financial arrangements to enable the U.K. to win a larger share of very large overseas contracts has been under discussion in Whitehall for some months.

The plan to use the Nuclear Power Company for this purpose appears to have support within the Department of Energy, and from CEC, which has a supervisory management contract for the company.

The Think Tank concluded that one major change needed in the U.K. power plant manufacturing industry—if it were to remain viable through a very lean period for domestic orders—was the capability and willingness to tender for large turnkey projects and the willingness to take the risks involved in such commitments.

The Nuclear Power Company is the operating arm of the National Nuclear Corporation, a Government-inspired amalgam of major power station contractors, in which the Government holds a 50 per cent stake and GEC 30 per cent.

The Think Tank study concluded that about half of all export contracts accessible to U.K. power plant manufacturers, and most of the nuclear contracts, would be awarded on a turnkey basis, in which a prime contractor undertook to engineer and supervise the entire contract.

The wealthier developing countries, notably in the Middle East, are the main export prospects, often for dual-purpose installations producing electricity and fresh water.

With few—if any—new domestic nuclear power stations likely to be ordered during the 1970s, the Nuclear Power Company will be obliged to run down its operations, capital as the advanced gas-cooled reactors are brought into service by 1978.

The first two of the five advanced gas-cooled reactor stations ordered are expected to be fully operational early this year.

The idea of broadening the scope of the Nuclear Power Company to undertake major overseas power projects was implicit in its original conception in the early 1970s.

In practice, however, any scope for such activities has been severely hampered, at least until

Another £600m. tap stock issued

BY MICHAEL BLANDEN

ANOTHER \$600m. issue of Government stock was announced by the Bank of England yesterday as the gilt-edged market rose sharply on continued heavy buying.

The new issue was seen as partly designed to maintain official control of the market and inhibit too rapid a fall in short-term interest rates.

The Bank's minimum lending rate, as expected, fell by another 1 per cent to 14 per cent.

The indications were that the Bank was concerned at the sharp drop in the average rate on Treasury bills at the weekly tender, which brought it fairly close to the point which would trigger another drop in the official rate next week.

The strength of demand for gilt-edged stocks was demonstrated by the exhaustion in the morning of the official long-dated tap stock, of which £750m. was issued only a week before at 898 per cent.

The absence of a new floating rate stock, which some dealers had expected, and of any replacement for the long tap stock, left the market free to move up sharply.

The mid long tap stock closed with a gain of 21 points at 101 1/2.

Even at the short end of the market the new issue failed to dampen the enthusiasm completely.

The stock is £500m. of Exchequer 12 1/2 per cent, 1981. It is being issued at a price of 99.25 per cent to yield 13.25 per cent flat and 13.82 per cent to redemption.

Some schools lack talent, says Williams

BY MICHAEL DIXON, EDUCATION CORRESPONDENT



SHIRLEY WILLIAMS "Education a scapegoat"

LOCAL ACTION to bring schools and industry closer together was urged by Mrs. Shirley Williams, Secretary for Education and Science, yesterday in a speech to the North of England Educational Conference at Madeley, Staffordshire.

Whether teachers wanted it or not, they were involved in a debate about the quality of education, she said. If the worries about concerns among parents and employers were proved justified, they must be met.

The expansion of the State education system in the past decade had been a "massive achievement." But there was no doubt that some schools were poor because of weaknesses in teaching staff and lack of leadership from their heads.

"During the golden years of expansion some young men and women entered the profession who had no great inclination or talent for teaching."

Mrs. Williams said that she suspected that employers who criticised the schools were much to blame for the lack of effective collaboration.

individual firms and individual schools, going beyond the occasional school party visit or the one-in-a-while talk by the personnel director about careers."

Schools' curricula must provide adequate time for basic subjects, Mrs. Williams said. She had for a long time doubted the wisdom of encouraging early specialisation of study, which caused many children to drop either arts or sciences before they reached adolescence.

While spending on the State education system had been cut from previously expected levels, the system had not been seriously injured, and the country's priority must be to follow the increase in the quantity of educational activity by improving the quality.

This could not be achieved without the co-operation of employers and of parents, who did not always offer the support teachers were entitled to expect.

"Parents cannot demand discipline from the schools if they do not insist upon it themselves; and all of us know parents who seem unconcerned about how much television their young children watch, or even where their older children are."

"More widely, sometimes we suspect that education has become a scapegoat for our economic failures, or even for encourage local links between them," said Mrs. Williams.

U.S. confident of sterling balance agreement

BY JUREK MARTIN, U.S. EDITOR

THERE is a strong chance, in the view of Washington at any rate, that Central Bank governors meeting in Basle tomorrow and Monday will agree on a plan designed to resolve the problem of Britain's official sterling balances.

It seems probable that the Bank for International Settlements will be a key instrument in it, much as it was in the last sterling balances arrangement in 1968.

Dr. Arthur Burns, chairman of the Federal Reserve Board, will be attending the Basle meeting for the first time in several months.

Officially, the Fed says that his visit is routine, but others connected with the negotiations have left the definite impression that, having some last-minute hitch, the governors of the Central Bank will reach agreement. "It looks reasonably hopeful," was the guarded comment of one participant.

Moreover, it emerged here this afternoon that Mr. Edwin Yeo, Treasury Under-secretary for Monetary Affairs, had left Washington suddenly—reportedly for a day-to-day basis, he said this morning.

The agreement might take the form of a British stand-by facility at the bank. He was not sure how large this might be, but "the figure of \$5bn. sticks in my mind."

Mr. Callaghan, Prime Minister, said late last year that the sterling balances, in effect, were a millstone around Britain's neck without. But signs are that the impending agreement will not achieve this.

It is probable that the agreement will cover all or most of the official balances only; these stand at £2,750m., less the £370m. held by international organisations. Private balances—£5,430m.—apparently will not be affected.

Michael Blenden writes: London sources did not rule out the possibility of a deal agreement being reached at Basle on the sterling balances safety net but suggested that further discussions might be needed.

It is generally expected that the agreement will involve the bank as a channel for a standby credit available to the U.K. to counter any withdrawals of foreign-held sterling, but probably without any specific exchange rate guarantee for holders.

Helpful cut

The terms appeared designed to restrain the market, but short-dated stocks showed further rises even after the news, although on a more modest scale than long stocks.

The cut brought M.L.A. down to a level A fall point below last year's peak, 15 per cent. But it is unlikely to bring an immediate response from the big banks in the form of reductions in their own 14 per cent. base lending rates.

The banks are concerned over pressures on the market during the present tax-gathering season and are likely to wait until money market rates have settled conveniently at lower levels before deciding to reduce their own rates.

The move should help to persuade building societies to postpone a decision on higher rates at this month's meeting.

Mr. Norman Grigg, secretary-general of the Building Societies' Association, said that the cut would be helpful if it meant reduction of the interest offered by the societies' competitors in the investment field.

However, the general level of rates still was exceptionally high.

Rebel Cable and Wireless directors may get pay rise

BY MAX WILKINSON, INDUSTRIAL STAFF

THE Government is expected to agree to a formula early next week which will allow five rebellious directors of Cable and Wireless to have substantial pay rises.

The deal has been agreed informally between Mr. Edward Lord, the company's new chairman, and Mr. Eric Varley, Industry Secretary, who was formerly Mr. Short's junior when they were both Government Whips.

The expected outcome is that the directors, who have been refusing re-election to the Board, will be allowed extra pay for services on the Boards of overseas subsidiaries.

It is hoped in this way that increases of about 50 per cent which they would need to bring their salaries up to comparable levels in private industry, could be phased in without too much political row.

The five executive directors of the State-owned company are managing director, Mr. Archie Willett, and £10,000. Salary scales of senior colleagues not on the Board go up to £15,000 a year.

It is believed that Mr. Willett's job is worth at least £20,000 and that the other directors could command £15,000 elsewhere.

The directors are not entitled to any extra pay for their services on the Boards of the overseas subsidiaries of Cable and Wireless in Hong Kong, Singapore and elsewhere.

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السنة الأولى

The week in London and New York Activity begins to rise Touch of magic

ONLOOKER

Equities came sharply off the top after hours on Thursday and the 30-Share index moved down further yesterday. But at 365.3 it closed well above the worst of the day and over the four sessions that this week make up the first leg of the account equities are still showing a gain of 10.6 points. The market has now risen 38 per cent since the low point last October, and bargains marked yesterday at 7.84 were the highest for nine months.

TOP PERFORMING SECTORS IN FOUR WEEKS FROM DECEMBER 9

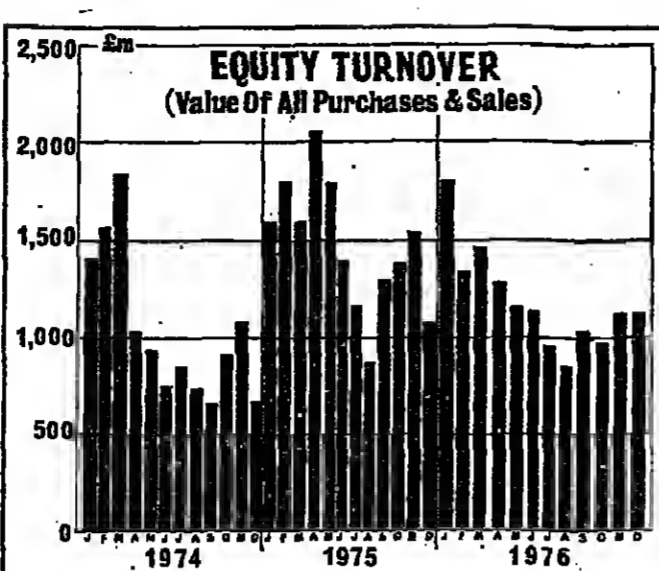
Table with 2 columns: Sector and % Change. Office Equipment +27.9, Merchant Banks +23.8, Hire Purchase +22.4, etc.

THE WORST PERFORMERS

Table with 2 columns: Sector and % Change. Machine & Other Tools +9.4, Wines & Spirits +8.2, Tobacco +8.2, etc.

Ambitious GEC

The market's immediate reaction to the long awaited capital reconstruction from GEC was to mark down the shares by 12p (about 7 per cent). But given the extent of their recent relative strength—up to Thursday the shares had been running some 25 per cent ahead of the market since the autumn—that is not too surprising. It had been thought that GEC would raise its dividend and transfer some of its £400m. or so of cash straight to shareholders. However, the group has come up with a rather more ingenious scheme. It proposes to issue £178m. of floating rate capital notes 1986 which will carry interest at a rate of one per cent above the six month inter-bank rate. The £178m. of floating rate capital notes 1986 which will carry interest at a rate of one per cent above the six month inter-bank rate. The £178m. of floating rate capital notes 1986 which will carry interest at a rate of one per cent above the six month inter-bank rate.



Betting profits came under pressure last year because of small fields and firm going in the summer and the recent spate of cancelled meetings has been hitting turnover badly. Ladbrokes betting profits could be £1m. lower at £8m. for 1976 while Coral may have dropped a fifth to around £3m. Still both groups are well diversified so overall both sets of earnings should move higher for 1976—by perhaps as much as a fifth for Ladbroke and a tenth for Coral. But the quality of casino profits is always in doubt and bingo operators, though seemingly insulated from economic downturn, enjoy only a fairly modest rate of growth. So as long as the Tote's proposals overhauling the sector share prices are likely to have short-term problems.

Share pickle

Episcure Holdings turned in by far the best share price performance in 1976 with a rise of 533 per cent, but since December 24, the movement has been sharply in the other direction. The shares, which reached a peak of 411p on December 23, now stand at around 29p, having fallen a tenth this week.

Wing spreading

Ranks Horvis McDougall's acquisition of Red Wing of the U.S. is part of a base broadening exercise that still has some way to go. The group has been nibbling away at the North American market for some time but on nothing like the latest scale. This involves the outlay of some £13m. in cash and marks the start of a concerted effort by RHM to increase the size and scope of its U.S. operations.

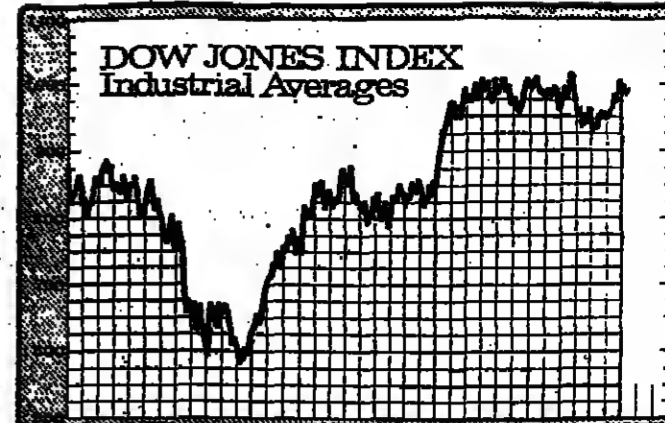
Punting on

Publication of the Horserace Totalisator Board's proposals to the Royal Commission on the Gambling, which amount to the phasing out of off-course commercial book-making, has understandably led to weakness in the share prices of Ladbroke and Coral. The latter has slipped 9p month inter-bank rate. The £178m. of floating rate capital notes 1986 which will carry interest at a rate of one per cent above the six month inter-bank rate. The £178m. of floating rate capital notes 1986 which will carry interest at a rate of one per cent above the six month inter-bank rate.

BY JAY PALMER NEW YORK, Jan. 7.

SHOOTING AHEAD in the final moments of trading in the old year, Wall Street managed to open 1977 with its Dow Jones Industrial Average above the magic 1,000 level. While many interpret this as a bullish omen, hinting at further price rallies still to come, the first week of trading this year has been generally bearish with prices falling sharply across the board.

Superstitious traders on Wall Street—and there are many of these—can quite easily read the dismal portents into this New Year price slide. Tradition has it that the market's trend over the first five trading days of a New Year provides an accurate glimpse at the trends likely to come over the full 12 months. On this perhaps irrational basis, the outlook for 1977 is not good. Over the first three trading days, the DJ Index fell a total of 25.59 points or very nearly 2.5 per cent according to the 'January early warning system', which when applied to the last 27 years shows an accuracy rate of over 90 per cent. This means we are in for a bearish month and a bearish year. But despite this week's price



performance over 1976, highly probable that this coming year will see a continuation of the trend towards secondary stocks. In 1976, the Dow Jones Industrial Average of 30 blue chip shares rose 17.9 per cent. Much more widely based and more representative indices showed much larger gains. The Standards and Poor's 500-share index rose over 19 per cent while the New York Stock Exchange's Composite Index jumped 21.5 per cent. The average price change of a share on the NYSE rose, according to one study, by 29.3 per cent, while the American stock one clear point emerges. It is now, on the basis of the market's 36 per cent.

Mining Small is beautiful

BY KENNETH MARSTON, MINING EDITOR

EVERYBODY knew that Selection Trust and MIM Holdings were on to something good up at Teutonic Bore, some 60 kilometres north-west of Leonora in Western Australia's arid-volcanic belt. Confirmation of this came in October with high value copper-zinc-silver assays from the first seven boreholes put down. The inevitable pegging rush that followed soon found that much of the ground in the vicinity had been already claimed by the drillers.

tin mine which is doing well is the South Crofty operation of Rio Tinto. It has produced 1,468 tonnes in the past eight months compared with 1,381 tonnes in the same period of the previous year. BP and RTZ Moving into the big league we come to British Petroleum and Rio Tinto-Zinc. For some time now it has seemed that with its spread of producing mines throughout the world and a market capitalisation which must stand at a fraction of the cost of starting such mines to-day, RTZ could be ripe for a take-over approach from one of the oil majors who are showing increasing interest in the mining industry.

Tin outputs compared

Table comparing tin outputs for various countries from Nov 1976 to Dec 1976. Columns include Country, Nov 1976, Dec 1976, Total to date (months), Same period previous year.

Cornish tin

Another small mine is Geever in Cornwall. After living through some hard times the UK tin producer is now making the most of buoyant metal prices and this week has announced a pre-tax profit for the six months to September 30 of £145,000. This compares with a loss of £47,542 in the same period of 1975. For the full year to last March there was a loss of £51,138 before crediting a £132,390 surplus on realisation of investments.

MARKET HIGHLIGHTS OF THE WEEK

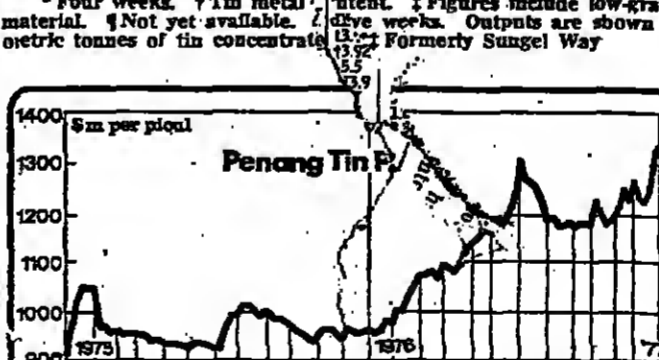
Table with 5 columns: Index, Price, Change on Week, 1976/7 High, 1976/7 Low. FT. Ind. Ord. Index 365.3, Treasury 14% 1982 £103 1/2, etc.

U.K. INDICES

Table with 5 columns: Index, Jan, Dec, Dec 30, Dec 23. Average week to Jan. Dec. 30. Dec. 23. Financial Times, FT Actuaries, etc.

TV Radio section listing various TV and radio programs with times and channels. Includes BBC 2, BBC 1, and various regional channels.

TV Top 20 section listing the top 20 TV programs for the week ending December 26. Includes 'This Is Your Life', 'The Wednesday Show', etc.



Chess Solutions section providing solutions to chess problems. Includes 'Solution to Problem No. 148' and 'Solution to Problem No. 149'.

Handwritten text at the bottom of the page, possibly a signature or note.

Your savings and investments

Surveying school fee schemes

BY TOM KYTE

WITH THE gift-giving season still in recent memory it seems a good time to examine the latest events in the school fees sector. After all, a private education is still regarded by many people as one of the most important gifts which can be bestowed upon a child. But provision of such a gift has become a much more complicated and expensive gesture in the last couple of years. Schools fees have escalated in line with inflation and new tax legislation has wiped out many of the benefits which used to exist in school fees insurance schemes.

School fees plans break down mainly into two groups, capital plans and income plans. As the names suggest a capital plan involves the payment of one lump sum, normally used to purchase annuities which will grow at a given rate during the life of the policy, while an income plan requires the payment of annual instalments until the total investment approximates to the total school fees bill.

Many public and private schools operate their own capital plans and since these schools

are often registered as charities (thus their investments are free of tax) the returns available to pay school fees are sometimes far greater than are obtainable elsewhere. However, there are some disadvantages under these schemes. One is that their appeal is limited to people with large capital resources, while another is that they often have little flexibility. Where the person supplying the capital is not a parent it is important that the scheme is flexible enough to provide as much cover for school fees as is possible within the Capital Transfer Tax exemption limits.

Capital transfer tax which was introduced in the 1975 Finance Act, towards the end of last year is chargeable on all capital transfers, except those between spouses or from parent to child, in respect of education, maintenance and training. About one-third of the school fees schemes currently in operation were taken out by people other than the parents of the children concerned — grandparents especially.

The greater flexibility required to make a scheme beneficial under the new tax legislation is more likely to be

found among those currently being operated by the school fees specialists, the most notable of which are School Fees Insurance Agency, C. Howard and Partners, and Save and Prosper Insurance Services. They have all carried out a good deal of research into the implications of CTT. Although they have all reached the conclusion that there is no way that it can be avoided on transfers above the exemption limits they have arranged their plans to provide the maximum benefit within these. One point that they all stress is that under CTT legislation it is important for all non-parents to start their schemes as soon as possible after the child's birth so that the greatest return on the capital can be achieved before the policy matures.

The latest development in the school fees field, as far as capital plans are concerned, was the launching by C. Howard and Partners of its Howard Private Education Trusts (PET) in February. The main difference between this and the previous Trustee scheme was that the annuity on the policy is now assigned to the Trustee (in this case Lloyds Bank) rather than the school. This is

taking the flexibility principle a step further, since it allows the parent more time to choose the school and it also means that he can change his mind about the chosen school and have the policy switched at any time without any great difficulty.

In principle, though, the scheme was similar to most other capital schemes currently in operation. Howard's own example gives a good indication of the type of benefits available under the capital schemes operated by the specialists. For instance, an initial payment of £4,000 would, after seven years, allow for fees totalling £8,000 to be paid over five years.

Income plans have seen no major developments during 1976 but there has recently been a tendency among some specialists to base their plans on a mixture of unit linked policies and endowments rather than just on the latter, as was the norm in earlier years. Also, the SFIA has recently reviewed its own income plan in an attempt to bring down the operational costs to make it more attractive than before.

Choosing the plan which best suits an individual's own requirements is a very complicated business, and the position could become even more complex next year. Following the recent Goldman Report on charities, the Government is expected to take some decision soon about the charitable status of those involved in private education. As mentioned before, many public and private schools have this status and both SFIA and Save and Prosper have registered charities within their organisations. If as is feared, this recognition is withdrawn the school fees sector could soon undergo another phase of re-adjustment and research as difficult as that which followed the introduction of CTT.

Testing some investment myths

BY ERIC SHORT

THE LAST month of the year is a time when commentators review the performance of unit trusts during that year. Those who based their discussions this time on the position at the middle of December or even earlier were slightly caught out because the U.K. equity market continued its recovery right to the end of the month. This enabled those funds invested in U.K. equities to appear in a much better light than was expected at the end of November.

Indeed, the Planned Savings performance tables for 1976

assesses whether the results could have arisen by chance. For example, in analysing the effect of previous performances, he simply lists the trusts in sequence for each year and then calculates the relationship between the positions, to get a factor known as "rank correlation coefficient."

If each trust occupied the same position in each year the coefficient would be +1. If the positions were completely reversed so that the first in one year was last in the next and vice versa, the coefficient would

be -1. If the positions from one year to another were completely random the coefficient would be zero.

The analysis showed that each of the performances in the years 1971 to 1974 inclusive showed a positive correlation with that of the previous year and that these managers proclaiming the cult of capital growth at the expense of yield.

The findings of this research have now given these investment factors some substance in correlation with the performance of the good performers in 1975. This to have some relevance. Of point was picked up by many commentators and they forcibly advanced the argument that last year's winners were this year's losers. But Dr. Guroey's test-

Top performers	% Gain	Best U.K. orientated funds % Gain	Bottom Performers	% Loss
M & G American	49.2	Arbuthnot Preference	Oceanic Financial	20.2
Henderson Far Eastern	43.2	Piccadilly Technology	Henderson Australian	20.3
GT Japan & General	40.9	Janion Income	Britannia Gold & General	21.0
Steward American Fund	39.1	S & P Capital	Britannia Property	21.2
M & G Japan	35.7	Midland Drayton Growth	Great Winchester	23.3
S & P Japan Growth	34.3	Arbuthnot High Income	Cosmopolitan Growth	23.4
Hill Samuel Dallar	31.8	Target Preference	S & P Property Share	23.6
A-Hambros Sec. of Amer.	30.3	London Wall High Income	Oceanic Recovery	27.6
Lawson American	29.5	M & G Special	Lawson Growth	28.6
S & P U.S. Growth	27.3	Jascot Compound	Britannia Minerals	40.2

showed that many U.K. based funds managed to finish 1976 with a higher price, allowing for reinvested income, at the end of the year than the beginning. Eventually, about one-third of all unit trusts showed a positive return to unit holders in 1976—a far higher proportion than seemed possible at the end of November when only 14 per cent, mostly overseas based funds, showed gains.

But at the beginning of the year it is perhaps opportune to consider what use performance tables are to the investor, besides providing him with an instant measure of how his trusts have done over the year. After all, it is water under the

But are these suppositions supported by concrete evidence? This question has been investigated by Dr. J. P. Guroey of the Hambros Bank and his methods and conclusions appear in the December issue of The Investment Analyst—the monthly journal published by the Society of Investment Analysts. He uses mathematical statistical methods to analyse the effect of three factors which advisers take into consideration in selecting trusts—the size of the fund, the yield on the fund and the performance over the previous year. Dr. Guroey uses the standard statistical technique of measuring the correlation between each of these factors and the performance of the funds and then

Rates for policy loans

ASSURANCE policies have long been a major feature of the money lending business. They can be used as either collateral for a finance, house or bank loan, or as a means of raising short term money from the life company itself. At a time of high finance charges, with MLR still around 14 per cent, it is the second of these uses which is the more interesting. An insurance policy loan is after all, still a relatively cheap method of raising finance. The major clearing banks, are at the moment, charging effective interest rates on personal loans ranging between 17½ per cent per annum and 19½ per cent. Among the life companies Royal Insurance seems to be close to the top of the interest scale with a blanket charge of 16 per cent p.a.

The Standard Life also makes a blanket charge on its loans and following a review of this side of its operations last November this is now at a rate of 14½ per cent. Most of the other insurance companies on the other hand operate a rising scale of charges. For instance Scottish Widows increases its rate according to the size of the loan. For the first £2,500 the rate is 11 per cent rising to 16 per cent for loans of over £15,000. It is understandable therefore that most of the loans currently being taken out by policy holders are at the lower end of the range. Indeed Scottish Widows average loan is less than £2,500, while the Standard Life's is round £750.

The loan services of the respective life companies also differ in other ways. Whereas Scottish Widows is prepared to end up to 75 per cent of the surrender value of any policy the Standard Life sets its maxi-

Company	Minimum interest rate %	% of surrender value available
Scottish Widows	11	75
Norwich Union	11	85
Friends Provident	13	80
Standard Life	14½	90
Royal Insurance	16*	85

* Rate applicable to all loans, irrespective of size

mum at 90 per cent. The average is about 85 per cent. The reason for these differences is simply that the insurance companies do not consider that they are in competition in the money lending business, and they calculate their terms on a completely independent basis. One example of this is that while the Standard Life and Scottish Widows gear their interest charges to the returns on their other investments, predominantly gilts, the Royal links its charges to the general level of interest rates.

When the Standard Life announced the increase in its interest rate last November—from 10½ per cent to 14½ per cent—the question was raised in some minds, whether the attractions of insurance policy loans were going to be eroded by higher finance costs. However, as can be seen above the Standard's interest rate still compares well with the rest of the sector and is well below the charges of the other institutions.

In fact far from declining, the popularity of insurance loans, as a means of raising small amounts of short term money, now looks set for something of a revival. Following the Bank of England's directive to banks and finance houses in November, personal loans are becoming in-

creasingly difficult to obtain. Moreover, even when available, a personal loan is subject to a great many restrictions. When used for the purchase of cars, for instance, a bank loan requires a deposit of 33 per cent and repayment over 24 months. The conditions regarding the purchase of other luxury goods are a little easier but even here the requirement is a 20 per cent deposit and repayment over 30 months.

An insurance loan is subject to no such conditions. The money once raised can be used to finance any purchase without incurring any special restrictions. The interest only is required to be paid during the life of the policy, with the principal of the loan deductible from the maturity value when the policy is completed. It is also possible of course for principal to be repaid during the life of the policy, at a moment's notice, so that the maturity value can remain intact. Thus, despite the insurance companies' insistence that loans are just the icing on the insurance cake, it seems possible that as other forms of lending become increasingly complex, the attractions of this form of borrowing could provide a very useful incentive for people to take out life insurance.

AN OPPORTUNITY TO ACQUIRE

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FIXED PRICE OFFER OF CHIEFTAIN HIGH INCOME UNITS CLOSING ON 14TH JANUARY 1977

Chieftain High Income Unit Trust aims to bring you immediate high income combined with prospects of good capital growth.

Over the years we shall seek to ensure that the income you receive grows. Furthermore, while a high income is the main purpose of the Trust, it is an historical fact that high income unit trusts have often been some of the best vehicles for capital growth.

The Trust's yield compares favourably with many fixed interest investments such as building societies. We believe that, in the long term, the potential for growth of both income and capital will give you a significantly better total return.

Although you can sell your units at any time, unit trusts should not be regarded as a short-term speculative investment, and we would like to emphasise that the price of units, and the income from them, can go down as well as up.

But purely as a matter of record, since the launch of the Trust on 6th September 1976, the offer price of units has increased by 13.6%. During this time, the FT Ordinary Share Index has risen by 4.5%.

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The problem associated with stocks and shares for the individual investor is, of course, that he rarely has enough capital to spread his risk, and sufficient information to choose with confidence. This is particularly true for those seeking a high income.

But the beauty of a unit trust is that, through it, you invest in a wide portfolio of stocks and shares, which is managed for you by full-time professionals.

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The funds of Chieftain High Income Unit Trust will be invested in high yielding stocks and shares. A decision to invest now could prove particularly sensible, as share prices are still relatively low despite continuing evidence of some recovery in the U.K. economy.

With payments of the IMF loan to the U.K. to be phased over the next two years, the steady course set by the Government's recent budget is likely to be maintained for some time. The impact of North Sea oil should increasingly benefit our

balance of payments, which is forecast to show a healthy surplus from 1978 onwards.

The rate of inflation has come down over the past 12 months and a form of pay policy now seems likely to hold for a third year.

One other major factor affecting the economy, and therefore share prices, is of course interest rates.

The recent budget should bring some stability to sterling, which could well lead to a gradual reduction in interest rates. When they do fall it can only be to the benefit of the stock market, and so of Chieftain High Income Trust.

INVESTMENT POLICY

Our policy is that by far the greater part of the Trust's funds will be invested in high yielding ordinary shares. Holdings of preference shares will not exceed 20%. More than this would, we believe, restrict opportunities for growth.

In order to minimise risk, the portfolio is spread over about 100 U.K. companies.

Our investment managers will monitor the progress of these companies very carefully and act accordingly. And here, curiously, they will be helped by the fact that Chieftain High Income is a new trust, because this will enable them to be quicker and more flexible in their investment tactics, especially when shares need to be sold. Very large holdings can be difficult to dispose of at a satisfactory price.

YOUR REASSURANCE

Chieftain's executive directors individually have an extensive record of outstanding unit trust management with some of the industry's most successful groups. If you wish to verify this independently, contact your financial adviser.

APPLICATION FORM

Fill in the coupon and send it now to: Chieftain Trust Managers Limited, 20 St. Queen Street, London EC4R 1BR.

I would like to buy Chieftain High Income Units to the value of £..... at 28.4p each.

(Minimum initial holding £250)

I enclose a remittance, payable to Chieftain Trust Managers Limited.

Tick box:

If you want maximum growth by automatic reinvestment of net income.

If you want to know how to buy Chieftain High Income Units on a regular monthly basis.

If you would like details of our Share Exchange Plan.

The Trustee of Chieftain High Income Unit Trust is Midland Bank Trust Company.

The main duties of the Trustee are to hold the title to the Trust's investments, and to check that all purchases made by the Trust are in accordance with the Trust deed; to ensure that the income is distributed to the unit holders properly; and to approve advertising and literature.

TAX ADVANTAGES

You can sell your units on any normal working day at the prevailing bid price.

If you are a standard rate taxpayer you will generally incur no tax liability when you come to sell.

If you are paying a higher rate of tax at the time of sale, you will be liable to Capital Gains Tax. But, even for the top-rate taxpayer, there is a maximum liability of only 12.1% (as against the normal rate of 30%).

CLOSING DATE

Until 14th January 1977 units will be available at a fixed price of 28.4p each.

Fill in the coupon, or talk to your financial adviser without delay.

GENERAL INFORMATION

Your application will not be acknowledged, but you will receive a certificate by 25th February.

The offer will close if the price of units should have risen by 21%. After 14th January, units will be available at the daily quoted offer price and yield published in most newspapers.

Units can be sold back at the bid price on any working day. You will receive a cheque within seven days of receipt of your renounced certificate. Chieftain High Income Units were first offered on 6th September 1976 at 25p each.

There is an initial management charge of 5% included in the price of units, and out of this the Managers will pay commission of 1½% to recognised professional advisers. There is also an annual charge of ¾% (plus VAT) which has been allowed for in the quoted yield.

Income is paid net of income tax, but this can be reclaimed by non-taxpayers.

Distributions and a report on the fund are made half-yearly on 31st May and 30th November. This offer is not applicable to Eire.

The Managers of the Trust are Chieftain Trust Managers Ltd., 20 St. Queen Street, London EC4R 1BR. Telephone: 01-248 2932.

The Directors of Chieftain Trust Managers Ltd. are P. L. Potts B.A. (Chairman); R. J. D. Eats M.A., M.B.A.; J. D. Gilbert B.Sc.; I. H. A. Hazell F.C.I.S.; A. L. F. Kee.



CHIEFTAIN TRUST MANAGERS LIMITED

I declare that I am over 18 and not resident outside the U.K. or Scheduled Territories and that I am not acquiring the units as nominee of any person resident outside the U.K. or Scheduled Territories. If you are unable to sign this declaration it should be deleted and your application lodged through an authorised depository.

FT

SIGNATURE OF APPLICANT

ADDRESS

POSTCODE

DATE

IF THERE ARE JOINT APPLICANTS ALL MUST SIGN AND ATTACH NAMES AND ADDRESSES SEPARATELY (Reg'd office as above, Reg'd No 74015-1)

MEMORANDUM

FROM: TARGET TRUST MANAGERS LIMITED

TO: THE HOLDERS OF £11,000 MILLION OF GOVERNMENT SECURITIES

RE: BRITAIN'S FIRST GILT-EDGED UNIT

You are the private holders of Government Securities. Your investment probably does not receive day-to-day attention from one of the leading specialists in this £40 billion market. You may now take advantage of such specialist management by exchanging your holdings for units in the Target Gilt Fund on beneficial terms.

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The Investment Advisers to the Fund are King & Shaxson Fund Managers Ltd., a subsidiary of the London Discount House, King & Shaxson Ltd., who have been investing in the money market for over 100 years. They have a record of long-term success in the management of Government Securities on behalf of institutional and private investors.

By exchanging your gilt-edged Securities for units in Target Gilt Fund, you can enjoy at economic cost the advisory services of King & Shaxson with all the safeguards of a unit trust authorised by the Secretary of State for Trade and managed by one of the leading United Kingdom Unit Trust Groups.

FTS/1

(Not applicable to Eire)

Total Funds under management in the Target Group £100,000,000

Finance and the family

Insurance

Domicile and intestacy

BY OUR LEGAL STAFF

An intestate died in 1948, who had a large holding of British Government Securities. He was neither resident nor domiciled in the U.K. At his death in his country of residence and domicile his estate was divided among his heirs and under the laws of the country no executor or administrator is appointed, the estate devolves directly on the heirs in that country. However, it is still unknown what became of his British Government Securities. No trace was found of any English Grant of Representation having been issued. Thus some of his heirs who are still living do not know what became of these securities. How can information about the holding of the deceased at the time of the death be obtained by his other heirs? What do you advise? The deceased may have also held shares in British Companies operating in Malaysia or Penang. But it is not known whether they were in the U.K. Register or overseas register. Can enquiry be made somewhere to ascertain this matter? If the persons who would be entitled to the intestacy of the deceased according to the law of his domicile at the date of

his death were to make enquiries either directly or through an agent (for example, a solicitor) authorised to act on their behalf it should be possible to ascertain from the registrar of the securities whether the securities are still registered in the name of the deceased, and, if not, whether anyone purporting to claim as personal representative or heir or next-of-kin was registered in his stead. If you have the names of the companies in which shares were thought to have been held enquiry can be made in respect of the U.K. and the overseas registers. You may be able to obtain some further information from the Stock Exchange if there is doubt whether there was a U.K. register of the company in question.

Ensuring house for nephew

I am leaving my house to my sister for life and then to my nephew. How can I ensure that the actual house goes to him and is not exchanged for another? What you wish to achieve can be done by providing in your will

for a trust for sale with conditions attached as to the effecting of the sale, for example, no sale to take place without the prior written consent of your nephew, possibly coupled with a gift over to some other person if the property is sold, or sold without such consent. Trusts of this kind require very careful drafting and we suggest that you consult a solicitor to ensure that the technical problems are dealt with.

Outside the Rent Acts

Referring to your reply on November 6 under Outside the Rent Acts, does it mean that two people sharing a furnished flat or bed-sitter cannot apply to the Rent Officer to fix the rent? Are a man and woman living together treated as a married couple? Does the exemption apply if the landlord does not live on the premises? If there is a true sharing of the whole premises under the terms of the "tenancy" (that which I expect will prove to be insolvent, am I bound not to apply and an application proportionately, or can I pay the small tradesmen's debts

Creditors of an estate

If a man dies and leaves a tiny estate, and the debts on that estate exceed the value of the estate, what should the executors do with regard to paying off the creditors? The executors should administer the estate as if the insolvent, but out of court, that is, should pay the debts in the Order set out in the 1st Schedule to the Administration of Estates Act, 1925.

An insolvent estate

As executive of an estate which I expect will prove to be insolvent, am I bound not to apply and an application proportionately, or can I pay the small tradesmen's debts

Disposing of a company

My daughter and I each own 50 £1 shares in a £100 property company. I wish to wind-up the company and hand over the property to my daughter. What is the best and cheapest way to do this? Can I transfer the property legally by gift, or at a nominal cost, and let the company lapse? Or can my daughter buy out my 50 holding and take over the company, as it is, lock, stock and barrel?

You can sell your shareholding in the company to your daughter; or you can make a gift of your shares if their value is, as they appear to be, within the exemption for annual gifts for the purposes of Capital Transfer Tax. Whether or not you do this the company can be allowed to "die" by failing to file the annual returns and permitting

Responsibility for wife's debts

What, please, is my legal responsibility for my wife's debts? She will tell me what she earns. Am I entitled to know it? You are responsible for your wife's debts in the first instance. You can, however, disclaim that responsibility by notifying the persons with whom she may contract debts that you will not be responsible for paying them. Notification to the bank and to tradesmen who are customary suppliers will be requisite. However, such notification may well not absolve you from liability in respect of necessities supplied to your wife. You have no formal right to know what her earnings or private means are.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Boat cover

BY JOHN PHILIP

WITH THE 1977 Boat Show so close to hand, it is perhaps a suitable moment to turn the thoughts of boat owners, and would be buyers of boats, to the insurance which is required—not by law, but by common sense—to protect the capital investment that a boat represents.

Lloyds, of course is the home of marine insurance, and anyone wanting to insure a boat, whether it be a sailing dinghy or a super-tanker, has a specialist market serviced by expert brokers: if you want to get cover at Lloyds' it is necessary to deal with a Lloyds' broker—you cannot deal directly with any Lloyds' underwriter.

Despite the pre-eminence of the Lloyds' marine market, most of the composite companies (those that write all kinds of insurance rather than specialising in just one or two classes) have developed substantial marine accounts in the past few decades, and almost all of them offer package policies for boat owners, which have some similarity to the household and motor "comprehensive" contracts which so many of us have. If you want to get boat cover from a company you can usually deal direct, though this will not save you any percentage of premium, and of course you will not be able to enjoy the broker's advice on choice of contracts.

Boat insurance is not compulsory—not even in respect of the liability the boat owner can incur for injury or damage through the use of his craft: and although out inland and coastal waterways are getting more and more crowded, particularly at week-ends and in the summer months, so that the marine accident rate is rising, there is as yet no pressure anywhere at home to make boat owners buy liability insurance.

But such pressure may come—and from outside Britain rather than from inside. A while ago it seemed that the EEC Commission in Brussels would issue a directive requiring boat owners to have liability to a specified level, and doubtless the proposals then drawn up are resting somewhere ready for resurrection if the Eurocrats can take time off from more pressing problems such as agricultural and fisheries policies.

In 1975, Italy established compulsory marine insurance, while nearer at home, in the Channel Islands, Guernsey and Jersey require boat owners to have liability cover of £50,000 or £100,000 respectively. So there are precedents for compulsion. Because, here in Britain, liability cover is not compulsory the financial limit of that cover varies from one insurer to another: it can be as little as £25,000 but may be as much as £250,000. For some years now I have recommended the purchase of at least £100,000 worth of liability cover, but with continuing inflation, I think the time is fast arriving when each boat owner should settle for £250,000, despite the fact that in certain

Taxation

THE ECONOMIST for December 25 contained a stimulating and thought-provoking (although maybe over-optimistic) survey, "The Coming Entrepreneurial Revolution" written by their deputy editor, Norman Macrae. This suggests that the future may lie not with the giant corporation, whether private or State, whether domestic or multi-national, but with smaller, specialist organisations sub-contracting to each other. It is suggested that "successful big corporations should devolve into becoming confederations of entrepreneurs." Members of a specialist department of a company, instead of being salaried employees, might become a "business within a business" contracting to provide services or components on an agreed basis and maximising their own return from so doing. Individuals would be able to "compute their own lifestyle" without the rigidities of nine to five, or a formal hierarchical structure. This is, to me at least, a very attractive alternative view of the future and I hope the survey will stir up a broadly based public debate. As my own contribution, I would like to look at the tax implications of the views put forward.

factor encouraging mergers but discouraging splittings of companies into component parts. Under U.K. tax law, if two companies merge the assets of one can be carried on to the books of the other at original cost and no tax charge on the unrealised gain is precipitated until the assets are actually sold at arms length. Similarly, at the shareholder level the new shares are simply treated as if they had been acquired at the same cost as the old shares and no capital gains tax is precipitated. The merger does not prejudice the right of both parties to carry forward losses and unused capital allowances. There are valuable concessions (a little restricted by EEC harmonisation) on capital duty and transfer stamp duties. Many other countries have similar concessions but they are often restricted to domestic mergers. The U.K. rules are more generous and flexible even where one of the parties is a non-U.K. company.

It is far less simple to split up a U.K. company into two or more separate companies. There is no clear procedure by which one can avoid precipitating tax on the deemed disposal of appreciated assets. Although this can probably be achieved in practice, under present law, there are already enough "institutional" objections to the hiving off of corporate divisions to make it highly desirable that our tax code should include clear, positive and well understood provisions. In contrast, the U.S. tax law

is symmetrical, with specific procedures for "split-ups," "split-offs" and "spin-offs." The EEC draft directive on international mergers (not yet implemented) is also symmetrical in concept. A special problem in the U.K. is that the Revenue tends to disapprove of any transaction which results in surplus cash from a company being returned to shareholders. This is particularly so in the case of private companies which would have to pay very close attention to the notoriously overkill anti-avoidance provisions of Sections 460-464.

Our tax system also actually encourages bigness. Fortunately, the worst features of close company taxation, phased out under Mr. Jenkins and Mr. Barber, have never been reinstated. The imputation system, or what is left of it under the impact of inflation, does not have the bias towards unnecessary retention and growth for its own sake that was suffered under the 1965 system of taxing companies.

On the other hand, many types of company receive unfavourable tax treatment as independent entities. Companies deriving most of their profits overseas suffer the phenomenon known as "ACT prejudice" by which they get considerably less than full relief from double taxation. Such a company will have a strong incentive to merge with a company with U.K. taxable income.

A company undertaking a programme of heavy capital investment, particularly a shipping company, can get a much more immediate benefit from capital allowances if it is part of a larger group with otherwise taxable income. A company undertaking a risky project as an independent entity may find that if the venture is successful it shares its profits with the Revenue, while if it is unsuccessful it has no way of deducting the loss.

Here again there are advantages in being a large group with an otherwise taxable flow of profits. In all these cases there is a bias towards a merger based purely on technical tax considerations regardless of any commercial logic there might be. A classic case of a physically induced merger was that between Trafalgar House and Cunard, although subsequent developments indicate that this might have had a degree of commercial logic. In the old days of Stock Exchange booms, share exchange mergers were more attractive than cash offers (or liquidations) because of the capital gains tax position of the shareholders. Some, but not all of these, distorting factors, can be cured by changes in the tax system. What we need more than anything else is to recognise the central importance of symmetry in impositions taxes.

If Mr. Macrae's ideas are to have any hope of success we need not only to facilitate divi-

sions of companies but to ensure that a reasonable ownership interest is given in those companies to senior management. One large public company might be divided up into three parts. The public shareholders would initially be issued with shares in all three successor companies, but over a period of time purchases and sales would destroy this parallel ownership pattern. Each of the three companies would need separate management. Parallel boards of directors would defeat the logic of the operation although some initial overlap might well be desirable.

What is essential is that each of the new management groups should have some incentive stake in their respective companies, perhaps in the form of deferred shares. This involves a complete re-think of the Revenue attitude to stock option and share incentive schemes. Ideally one would like to see a change in the law to permit management to share in the fortunes of shareholders but an acceptable second best might be a reasonable assurance that the Revenue would not act to counter any methods discovered of dealing with this problem.

Mr. Macrae rightly points out that personal identity with the fortunes of a company is only possible for perhaps the top 40 people in the company. Therefore the larger the company the higher is the proportion of potentially alienated people. His answer is to break up functions into teams which would

contract to provide certain services to one or more larger firms.

The team would negotiate its own terms and make its own arrangements for meeting the targets set on a basis which would maximise their personal satisfaction whether this be for profit, for leisure, for flexibility, or for a sense of independence. Under present law, this could oddly enough actually improve their tax status as they could organise themselves into consulting or sub-contracting companies and at least eliminate the top rates of tax. Here again, the difficulty is not with the present law, but whether the Revenue would try to assiduously reorganise with "the lump" and bring in new legislation to strangle the development at birth. The situation of course would be very different from that under "the lump" which, although potentially a perfectly proper means of tax avoidance, was in practice often used for evasion. Tax evasion may be a venial sin, but many of those involved went further and committed the cardinal sin of avoiding paying trade union dues.

In this brief summary of some of the tax problems, I have naturally not done full justice to all of Mr. Macrae's ideas. In particular, he has ideas for "re-privatising" parts of the public sector. I wonder how he would apply it to the Inland Revenue? Could we see a return to "tax farming" on the ancient Roman model?

JOHN CHOWN

Abbey National present

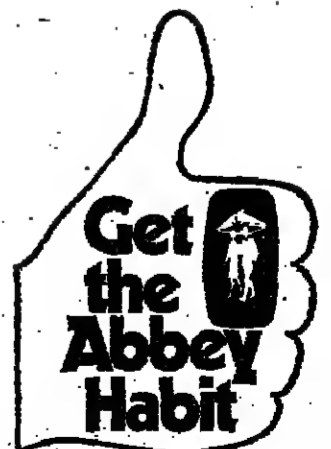


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How to spend it

A NEW LOOK AT FINE FOOD

For some years now many people have felt that a new approach to food was needed. Too much meat and dairy products, cooked in rich sauces, began to seem neither healthy way to eat nor socially acceptable in the more austere years of the seventies. Jacques Manière is a Parisian chef who believes firmly in simplicity without loss of pleasure. Here BEATA LEVY, who lives in Paris, interviews him and culls some of his favourite recipes for our readers.

THE NEED for gastronomic simplicity has been in the air since the early sixties—series of farm have been moving from cities and to the country, and as quite obvious that most people were equating the idea of eating well with eating too much. The sensible ideal of 3,000 calories per day is surpassed by all income groups. In other towns and countries, and much of the excess is composed of sugar and fats.

Many of the wiser French chefs came to their own conclusions: they did not want an excess of rich meals to undermine their patrons' health so they decided to make their meals more digestible and lighter, while maintaining high culinary standards, and also, of course, high prices.

One of these chefs is Jacques Manière, who also owns two notoriously successful restaurants in Paris: the Pactole, 44 boulevard St Germain, Paris 5 and the Dodin Bouffant, 25 rue de la Harpe, Paris 5. He is an apostle of the "new simplified French cuisine" and maintains that the keywords are discretion, subtlety and intelligence.

Manière has been pioneering a simpler cuisine for over 15 years. As he puts it: "We are at Cholesterol and heart disease in wait for us because traditional French recipes have come too rich for our sedentary lives." Although the new cuisine remains faithful to the basic principles of traditional French cooking, it does away with indigestible ingredients. "But it should continue to give pleasure—for what else is good cooking if not?" He explains that the weight is for those who like to enjoy a rather special meal

without having to worry about the after-effects.

Over the past decade French cuisine in some of the most influential restaurants underwent real changes. A Tournefort Rossini is now considered to be food for the nouveaux riches who like their lily gilded.

Naturally not every client appreciates the simpler cuisine for too much store is still laid on the way the dish is presented. "If in a two-star restaurant, the most perfectly cooked fowl arrives at the table without much of the usual and foolish adornment of feathers, it takes a true gourmet not to feel cheated."

Manière would like his customers to become more discriminating. Instead of fussing over decorative effects, they should pay more attention to the quality of a sauce, which he compares to the frame around an Old Master's painting.

Manière is a self-made chef. It was only 20 years ago, when he was in his early thirties, that he took the plunge and opened a modest restaurant in the suburbs. Connoisseurs discovered him there and appreciated his inventiveness: eventually he moved to the smart Boulevard St Germain.

In his monthly programme on French television, Manière expounds the basic tenets of his philosophy. He is a great believer in steaming meat and fowl to bring out all the goodness, and only sears them slightly at the start. It was in Jacques Manière's restaurant that Parisians were first served meat, vegetables and fish steamed to bring out the visible and invisible fats, a technique which is 5,000 years old and still widely used in China.

Calves' liver cooked in that way is delicious as is Manière's



Poularde Churebill, fowl cooked in champagne. Slice into thin strips (à la julienne) four or five carrots and a head of celery and parboil them for no more than a few minutes. Also parboil 1 lb French beans. It is important for the vegetables to stay crisp and firm. Add 1 lb smoked salmon, cut into long thin strips, and chopped fresh mint and tarragon. Mix in the following salad dressing and serve chilled.

Leg of lamb with potatoes and broccoli (with mint butter sauce). Glazed apples in raspberry juice.

Smoked Salmon Salad. Slice into thin strips (à la julienne) four or five carrots and a head of celery and parboil them for no more than a few minutes. Also parboil 1 lb French beans. It is important for the vegetables to stay crisp and firm. Add 1 lb smoked salmon, cut into long thin strips, and chopped fresh mint and tarragon. Mix in the following salad dressing and serve chilled.

Salad dressing. Mix 1 teaspoonful Dijon mustard, 2 spoonfuls of wine (if possible sherry) vinegar and 1 spoonful of fresh cream. Whip it up and add 2 spoonfuls of groundnut oil and 1 of walnut oil. For readers who may be worried by the mention of cream Jacques Manière says that cream is lighter, has fewer calories and is more digestible than olive oil. It also helps to bring out the flavour of the other ingredients and helps blend them well together.

Lamb. Without using any fat, brown both sides of a leg of lamb, 10 minutes on each side. Then place in a dish (a roasting pan will do) over a saucapan of lightly boiling water with a lid on (or seal with foil) and steam it for 6-7 minutes per lb. The broccoli can be added to cook with the meat. When the time is up, remove the lid and leave the meat for 20 minutes. It will then be hot, cooked to the rosy



perfection the French prefer and ready for carving. The potatoes need not be peeled. Just wash and steam for about 25 minutes. Serve cut through the middle with the mint butter sauce.

Mint Butter Sauce. Shred a handful of fresh mint. Gently simmer a few finely chopped shallots in a saucapan in butter. Add mint and continue to simmer for a few more minutes. Add a tablespoonful of whisky and hamper it. Add half a cup of melted butter and a little salt. Keep beating well all the time until the sauce is a smooth, creamy consistency. Serve straight away or keep warm over hot water.

Glazed apples in raspberry juice. Core any hard apple such as a Granny Smith. Cut into quarters and steam in raspberry juice until most of the liquid is absorbed and the fruit coated with the sweetened juice of the berries. The fruit must remain later and not be cooked into a pulp. This works equally well with figs and pears. Serve chilled.

Jacques Manière also gave me some more of his recipes. Here is Stuffed Cabbage (serves 6-8). One medium sized white cabbage; six carrots; 12 small onions; one small heart of celery;

chopped parsley; 250 grams of spinach; four tomatoes or concentrated purée; 1 litre of bouillon; one small glass of dry white wine; one heaped spoonful of flour; two eggs; 150 grams of sausage meat or any leftovers of meat minced; one cup of crustless bread soaked in a little warm milk; one bouquet garni; an onion with two cloves stuck in it; 30 grams of fat (oil and butter). Cut carrots and celery into small pieces. Parboil all the vegetables and leave to drain. To make the stuffing: Press the liquid out of the cooked spinach, then chop it and put into a mixing bowl. Add the beaten eggs, the bread, meat and parsley. Mix all the ingredients together and season to taste. Now add half the carrots and all the celery. Mix well. Blanch cabbage and remove leaves carefully and spread them out. Fill each one with a little of the stuffing. Tie each one up neatly into a little parcel, using string, then sprinkle with flour. Brown the onions in a large casserole dish, then add the remaining carrots and tomatoes. Brown each little stuffed cabbage leaf carefully for a few minutes either side of a small flame. Then add the bouillon, wine, bouquet garni and the onion stuck with cloves. Cover and let simmer for 1 1/2 hours.

Fruit Salad. Thin redcurrant or raspberry jelly with Cointreau or blackcurrant syrup, if need be over a small flame. Pour into a salad bowl. Now peel the fruit. Apples: first, thin oranges, pears or any other fruit in season. Add tarragon soaked in Cointreau or blackcurrant juice for two hours. Mix the fruit carefully and leave for one hour. Before serving, sprinkle with walnuts.

The following recipes are low in calories.

Mussels—La Moutarde. In a glass of white wine, add 5-6 chopped shallots and cook until soft. Add 2 ounces of mussels which have been scrubbed and washed carefully. Add a dash of pepper, chopped parsley, 1 teaspoonful of fat-free yoghurt and the same of curry powder. Shake the saucapan from time to time, tossing the mussels, which should open 4-5 minutes later. This means that they are cooked. You now place them on a serving dish. Reduce the sauce by quarter, pour over the mussels and serve with chopped parsley. (This only gives 80-100 calories per serving.)

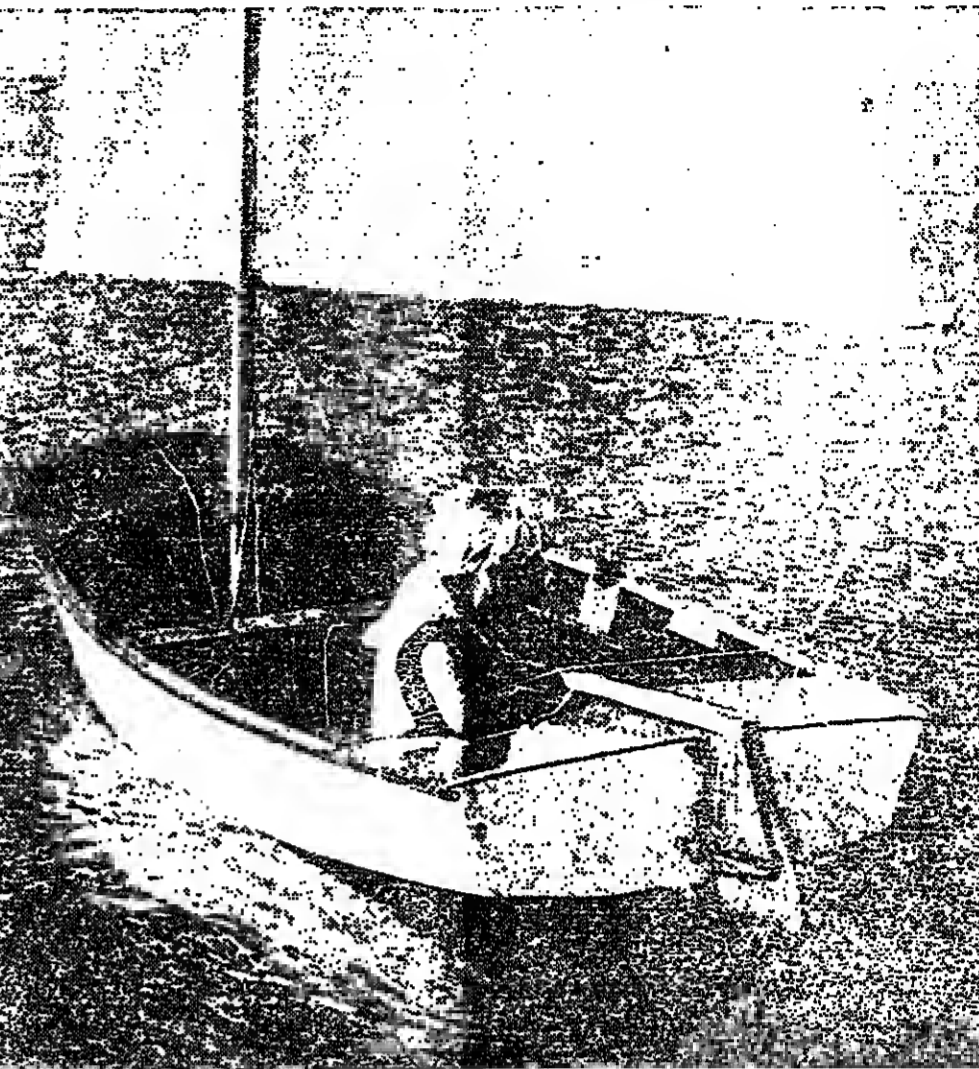
Kidneys with marrow and garlic purée. Steam 4 heads of garlic for 15 minutes. Sieve them or use a mortar to obtain a purée. Add chopped parsley, salt, pepper and 100 grams of white fat-free cheese.

Steam the marrow for 10-15 minutes until cooked. Brown the kidneys quickly for a few minutes on either side. Then continue cooking in same pan for 5 minutes with the lid on, and for another 4 minutes without. While the kidneys are cooking, place the marrow in a fireproof dish, cover with the sieved sauce, place in a water bath over for a few minutes until the kidneys are ready. Then serve.

A fat-free salad. Dressing: 1 carton of fat-free white cheese; juice of 1 lemon; a little French mustard; 2 table-spoonfuls of mineral oil; 1 of walnut oil. Blend well and pour over a salad made up of a few spinach leaves, grated carrots, chopped celery and parboiled French beans.



Divertiment, 68 Marylebone Lane, London W1 sells an 8-pint Cocuspan pan of the sort that Jacques Manière says can be used for cooking without additional liquid. They have only a few in stock at the moment so hurry if you want one. They cost £12.16 each and can be posted for £13.2.



WHEN Christmas has gone the travel supplements appear and travel supplements stir up thoughts of summer. For those who find the waiting tiresome a good, constructive way to look towards the summer might be to make a boat. Jack Holt is perhaps one of the more famous of our living dinghy designers and the Mirror Dinghy which he designed some years back has become an established classic. Over 52,000 models have been sold, in kit or complete form. The Mirror Dinghy was designed primarily as a family boat, in which father could take out his children and on which older children could learn to sail. It is sophisticated and sturdy and could almost be used for ocean sailing.

Last year, though, Jack Holt introduced a new dinghy, the Bumble Bee, and this one is designed essentially for children who want to learn to sail. It's deliberately a little uncomfortable for adults. It's very simple to sail and children don't need to be too strong to be able to control it. You can put

it on top of the car or the caravan and take it wherever you happen to be going.

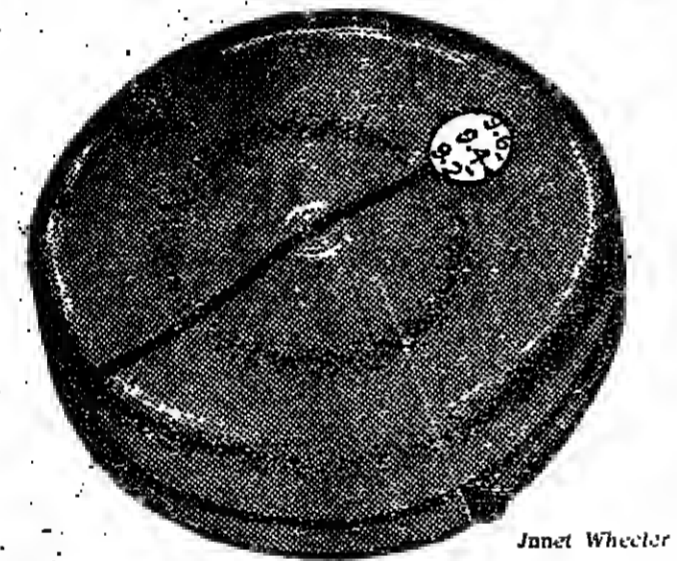
When ready-made the boat is 8 ft, 5 ins. long and will take two children easily or one child with an adult. She weighs 50 lb unrigged and can easily be launched by children.

If you want to make it yourself you can buy it in kit form from Jack Holt Ltd., The Embankment, Putney, London, SW15, for £99.00 (plus 12% per cent. VAT). It can be sent by BRS for between £3 and £5 depending on distance. In the kit is absolutely everything you require to make the boat, including masts and sails, undercoat and varnish but not the paint for the final coat—this is not included so that new owners can choose their own colour.

For those who want to see the dinghy in the wind, so to speak, it is at the Boat Show at Earl's Court, which is on every day from now until and including Sunday, January 16.

Scale yourself down

All that eating over Christmas and the New Year has given you renewed determination to lose weight you will obviously need some accurate way of measuring your success (or lack of it). Some of the smartest, most streamlined scales that I've seen are the Terallion range from France. This one is known as the Kiloptie and though it is usually sold measuring stones and pounds in Britain it can also be ordered in kilos. It has a good, almost sculptural finish and may be cream, brown, red, black or blue. The weight is shown lit up on the dial and it is registered in stones and pounds which avoids that dreadful peering and counting up that



Janet Wheeler

the reading of most scales involves. The Kiloptie is £22 and is available from Plush Flush, 27, Sackville Street, London, W1 (p+p £1.50) and from Harrods of Knightsbridge, London, SW1.

For those who want to lose weight and need scales but don't want something quite so expensive Boots shops have a big selection of much cheaper scales, starting at £2.95 while their luxury version is £6.45.

Chess

ANATOLY KARPOV, the world champion, staged a fine recovery to win the USSR title for the first time in Moscow last month. Since winning the world title by default from Bobby Fischer in April 1975, Karpov has now taken first place in Ljubljana, the USSR team championship, Milan, Skopje, Amsterdam, Montilla-Moriles and Moscow. His only setback came in the Manila Kings tournament in Manila where he was beaten by his sprint distance and an early loss to the Philippines champion Torre.

Karpov, as usual, ground out most of his wins in the USSR championship by patient strategy going into the second session. So no Karpov game this week, but here is one of the championship brilliancies.

White: V. Smyslov. **Black:** K. Grigorian. Opening: Sicilian Defence (USSR championship 1976).

The opening moves were 1 P-K4, P-Q4; 2 N-KB3, P-Q3; 3 P-Q4, P-K3; 4 N-K, N-KB3; 5 N-QB3, P-Q3; 6 P-K2, P-K3; 7 O-O, Q-B2; 8 P-B4, Q-N2; 9 P-Q4, P-Q3; 10 B-B3, B-N2; 11 Q-K2, P-K4.

A positional blunder, Black tries to shut the White's KB, but concedes the key light squares in the centre. Simply B-K2 and O-O is correct.

12 N-Q3, N-K1; 13 P-N3, P-N3; 14 N-B6, B-N2; 15 P-NP, N-P; 16 N-N, B-N for P-N; 17 P-Q6; 17 B-R6, P-B3; 18 P-B4, K-E2; 19 B-N4, B-B1; 20 B-E, Q-KB2; (QB holds on longer); 21 R-P ch, K-R (if B-R; 22 Q-K6 mate); 22 Q-N4.

The bluff sacrifice is followed up by a quiet move in true

Smyslov style. Black cannot adequately stop the mating threats by Q-K6 or R-B1 ch; 22... Q-B4 ch; 23 K-R1, K-E2; 24 B-N5 ch. Resigns.

POSITION No. 148
BLACK (9 men)

WHITE (12 men)

This position from Jansa v. Suetzki, Bad Lutzenovice 1940, originally appeared as position 143. The verdict was that White (to move) is losing after 1 P-K ch, K-NP; 2 K-R-N1 ch, K-E2, when he is out of checks while Black threatens Q-R7. The game finish was 1 Q-R6, Q-NP ch; 2

K-R1, R1-R7 ch; 3 K-B1, B-R1 mate.

PROBLEM No. 148
BLACK (17 men)

White mates in three moves at best, against any defence by A. Marinick, del. Listy 1910.

Solutions Page 2

LEONARD BARDEN

Queen, East saw that his partner was in danger of being outplayed at some stage, and did everything in his power to remove the danger. He overtook the heart with his King and led a low club. The declarer won with the Ace, led a heart to the Ace on the table and ruffed a heart. Then he played a diamond.

With the throw-in threatening him, West played the Knave, the King won, and East dropped the ten to show that he held the nine. South cashed his Ace of trumps and led another spade to put West in the lead. But West calmly exited with the five of diamonds which enabled East to win with the nine and send back another club to beat the contract.

This was magnificent defence, an example of partnership cooperation at its best. The contract is unbreakable unless East obtains the lead twice. The overraking of the heart at trick one is essential—without this the endplay is inevitable.

E. P. C. COTTER

Partnership co-operation is the secret of good defence, as we see here:

N.
♦ Q 10 5 2
♦ A 7 4 2
♦ K 8
♦ T 6 3

W.
♦ K J
♦ Q J 3
♦ A Q J 7 5
♦ Q 10 8

E.
♦ A 9 8 7 6 4
♦ 9 6
♦ 4 2
♦ A K J

Defence. At Bridge (Faber £4.50), if you study its interesting hands, will force you to do the work which you might otherwise shirk.

We will start with a part score hand:

N.
♦ 9 6
♦ A 8 2
♦ A 10 6 4
♦ K J 7 5

W.
♦ K 10 2
♦ K 10 9
♦ Q 7 3
♦ 10 9 6 4

E.
♦ 8 5 3
♦ Q 7 4 3
♦ K 9 8 2
♦ A Q

With East-West vulnerable, North dealt and bid one diamond, South replied with one spade, and said two spades over the opener's rebid of one no trump.

West led the ten of clubs, dummy played the Knave, and East won with the Queen. After cashing the club Ace, East re-

turned the Queen of hearts. Winning with dummy's Ace, the declarer returned a trump to the Ace, and then led the Knave. How would you defend with the West cards?

The original West won with the King, noting his partner's peter in the trump suit, which indicates three cards and a desire to ruff. Resisting the temptation to return a club at once, he led the Queen of diamonds, a play which for the moment locked the declarer in dummy. A diamond from the table allowed East to make his King and return a heart for West to make two tricks. Then at last West gave his partner the club ruff, and now the fourth heart from East promoted West's ten of trumps. By this superbly timed defence the contract was defeated by three tricks.

The double Deschappelles Coup—each defender leading an unsupported honour to create an entry in his partner's hand—is a rarity, which deviously won top score in a Pairs Tournament.

When West led the heart

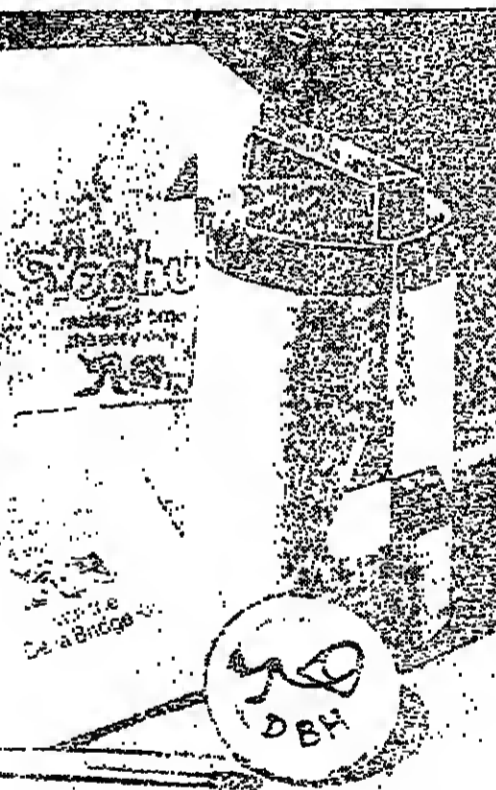
Double your yoghurt

Some readers may remember my writing about the Deva Bridge yoghurt kit last January—indeed many of you will still be using the kit you bought as a result of that article. I liked it because it used a particularly simple—but very effective—method of using a special kind of electric device to maintain the temperature at a given level the Deva Bridge method relies on the milk being heated and then put into a vacuum flask which maintains the mixture at the right temperature for the bacteria that make the yoghurt.

The flask that Deva Bridge sold last year was big enough to produce about 1 pint of yoghurt. However, they now feel that so many more people are learning to like and to use yoghurt in more and more ways that they have brought out a

junior-sized model which will make a pint (nearly 2 pints) at a time—this would be equivalent to about 7 or 8 shop bought cartons.

The method is identical—you simply heat ordinary cows' milk, simmer it for a few minutes,



cool to the temperature indicated on the thermometer, mix in the blue and cream or red and yoghurt, seal, wait for five hours and the yoghurt is ready. This kit looks much like the

last one—it has an insulated jar, obviously larger, which may be blue and cream or red and cream, and it costs 66.45 (plus 12% per cent. VAT) direct from Deva Bridge House, P.O. Box 5, Stowmarket, Suffolk.

Sales for the discerning

ON THE whole the bulk of sales items bought is of fairly unexciting essentials or clothes that are not very fashionable but are relatively useful. However, there are a few exclusive shops whose sales become well known to their regulars who patronise them without fail. So this week here is a small list of the sort of places where all of us on the How to Spend It page would like to be able to afford to show regularly, but as we can't we live in hopes of finding some amazing bargains in the sales.

Arum. Desigues, 2, Keat Street, London, W.C.1. Has a sale strictly on of very high quality lights by the Italian firms of Flos and Arneluce as well as some lovely tables and leather sofas. A chance to buy first-class furniture at reduced prices.

January 5
Feathers, 34 Kensington High Street, London W8 and 50 Hans Crescent, London SW1.

Some model clothes, reduced—Suzanna Aujard, Bill Gibb—as well as lots of knitwear and separates reduced by 30 to 35 per cent.

January 6
Bazaar of 24 Brook Street, London W1

January 7
Bazaar of 30 Heath Street, Hampstead and 6 Duke Street, Richmond-upon-Thames

Bazaar shops specialise in sophisticated ethnic ware—no latently drooping numbers but high-style that is both colourful and expensive. In their sale they will have quilted coats for copperware of all sorts and almost everything is manufactured in England. There will be jelly moulds from £1.98, satuce-

as well as knitwear and French jackets reduced to half-price. **January 8**
St. Laurent shops at 112 New Bond Street, London W1, and 35 and 34 Brumpton Road and Intercontinental Hotel.

They have not decided exactly what is going into the sales but promise lots of exciting reductions up to 50 per cent. These sales are for women's wear only—men will have to wait until February.

Hardy Amies, 42, Hans Crescent, London S.W.1.
There are many reductions of about 20 to 30 per cent. on coats, dresses, shirts, suits and jackets. Specially recommended are their cashmere sweaters reduced from £25 to £15.

January 10
Allans of Duke Street, London W.1.

This is the place for all dress-makers to head for. Their fabrics are all of the very highest quality and in the sale they will offer pure Westchester silk, 44 inches wide, reduced from £11 to £8 a yard; pure silk georgette and printed crines, 36 inches wide, reduced from £6.50 and £5.50 to £4.00; striped Italian February 11 but in the sale it will cost £2.25. For those who can't get to London he will post novelty tweeds, 54 inches, reduced to £11.50 and £9.50. Turnhill and Asser, 71 Jernyn Coppershop, 48, Neal Street, London W.C.2.

This new shop that opened on December 1 is offering a special "Gettin'-to-know-us" sale and is offering 20 per cent. off everything in the shop. As the name implies the shop specialises in men's or women's—get there early or don't bother. There will be shirts in all sizes in silk, cotton and with reduced in varying amounts.

ADEPTUS BEDSIT
Adeptus Bedsit offers a complete solution for those who want a comfortable and convenient living space. The bedsit is fully furnished and includes everything you need to get started. It is located in a quiet residential area and is perfect for students or young professionals. Contact us today for more information.

Property

So far and yet so near

BY JUNE FIELD

IN A recently published Brighton Visitor Survey it was noticeable that visitors from overseas were far more appreciative of the town's special architecture than those from our own shores. Chief attractions were the simple fisher-folk's old bow-windowed cottages which now make up the famous antique shopping centre known as The Lanes, the more grandiose Royal Pavilion, the Indian Mogul-style home of George IV, and the nearby Dome, one-time stables of the estate.

We obviously do not realise how fortunate we are in having so many well-documented and preserved historic buildings; that we are just as well off in the lesser period pieces is shown by some of the current crop of property for sale.

Barton Manor, for instance, tucked away in a private lane on the outskirts of Nymtamber, about six miles from Chichester in West Sussex, has a long pedigree. Believed to be the oldest inhabited house in England, listed Grade II, it contains a 12th century Chapel of the 12th century, plus a most ancient room, now used as a dining room, where one wall reveals the original construction of herring-bone stonework with flint, reputed to date back to Saxon times or a little later.

There is also the outline of a rounded door or window in stone, that may have been shaped by a Roman chisel. It has been suggested that the building is either a unique specimen of a Saxon Hall, or was the Lord's private room attached to a bigger hall, the foundations of which have been discovered outside.

Barton, originally Bere-tun, meaning a barley farm, was a name later used to indicate an outlying farm of the manor, where the Lord's crops were stored. The Lord in this case being the Archbishop of Canterbury. The manor was eventually leased to farmers and when in due course it became a possession of the Crown, Queen Elizabeth granted it in 1560 to an Edward Darell, Clerk of the Queen's Caterly. In 1902, a Mr. Fletcher "modernised" the house giving it a vicarage look. In 1973 the present owners gave the house the full treatment, installing central heating, new wiring and so on. The



accommodation is manageable—3 living rooms, 4 bedrooms, 2 bathrooms—and the price is £49,500 complete with the chapel, now used as an artist's studio, greenhouse, vegetable garden and double garage. Illustrated details Nicholas Neal, Whycatt and Son, 59 East Street, Chichester.

Also in West Sussex, in Worthing, one of the few bow-fronted Regency houses left in the town has come on the market again. In a reasonably well-preserved terrace, near the Connaught Theatre, just off one of the main shopping centres, 14 Ambrose Place was originally restored with no expense spared (black bath, gold-plated taps, concealed lighting etc.), by playwright Harold Pinter in 1962.

After three years it was sold to a dentist, and in August, 1973, I wrote about it when a local solicitor snapped it up after it had only been on the market for a few weeks. This was just at the tail-end of the boom, and the figure quoted then was "somewhere near the £40,000 mark." (Incidentally, dipping, in this same article I see that I described a country house I had seen in West Chillington for sale at £48,000.



Above. Bargains abound in medium sized well appointed country houses. The above, known as "Dunloe House" is for sale for around £40,000 through the Wimbourne office of Savills. This Georgian building is set in a secluded walled garden close to Fordington Green near Dorchester. Listed as of architectural importance it has been carefully modernised. Accommodation includes three reception rooms, five bedrooms and garage block.

Left. One of the few bow-fronted houses left in Worthing, 14 Ambrose Place in a terrace in the centre of the town, was originally restored by Harold Pinter in the early 1960s. Now it is for sale at £39,950, reduced from £45,000, through C. G. Spratt, 70a Brighton Road, Worthing.

This same house has just been sold for well under £10,000 less than the original figure.) The owner at Ambrose Place now wants to move to something smaller, and the house, which is really quite a Regency gem with its pretty canopied balcony and handsome wrought iron railings and long sash windows, is being offered at £39,950 after an initial "testing the market" price of £45,000.

Most of the fitted carpets and curtains are included, and there is central heating. The house is scheduled as historic interest, and in a Conservation Area (a recently formed Worthing Civic Society keeps a watchful eye on the few character residences still standing, as in common with so many other Regency towns, until fairly recently when conservation became fashionable, demon-

stration was the name of the game so far as the local council was concerned.)

The manageable accommodation is on three floors plus a ball floor and semi-basement, adding up to four beds, three baths, four sitting-rooms, main kitchen with wall-oven and dishwasher included, double garage, etc., and the unusual feature of a little garden across the road as well as a pretty one behind some old flint houlder-stone walls at the rear. Agent C. G. (Jack) Spratt, 70a Brighton Road, Worthing, will send more details.

Saltford Manor, Saltford, five miles from Bath, off the A4 towards Bristol, has a date-line between 1154 and 1166 on it. The story here is that it was originally a rectangular two-storey house, later extended by a Tudor east wing. Special features are the early buttress and corbel work, outstanding Norman perpendicular and 17th-century fenestration, plus a full quote of original oak timbers. At the time Domesday was compiled, the manor was held by Geoffrey the Bishop of Coutances. Later, Earl Robert of Gloucester—one of the bastard sons of Henry I, who married the heiress of the Gloucester estates—became the owner. His son founded the Augustinian Abbey at Keynsham.

The house was modernised after the last war, and hidden artistic treasures were found. The smart-looking brochure issued by Crisp Cowley and Co., York Street Chambers, New Abbey Churchyard, Bath, implies that a fortunate new owner might discover others! Only the west wing of the manor is for sale, and offers for the unusual and spacious accommodation (the ground floor has a great deal of panelling, the first floor is arranged as two s.c. suites, and the second floor is a s.c. flat, so it needs to be viewed to get the full flavour) are being looked for in the region of £45,000.

The same agent has the elegant Daubney House overlooking the pretty village of Rode, beyond the narrow coaching bridge and up the hill. You take the M4 from London, or Bath Spa station is ten miles away. John Cowley is the partner who is promoting it and he calls the property a



Daubney House in the pretty village of Rode, near Bath, has the family coat-of-arms over the door. £38,500. Illustrated brochure Crisp, Cowley & Company, York Street Chambers, New Abbey Churchyard, Bath.

reasonably priced Georgian and plenty of unspoilt country- looking place, with ecclesiastical windows (curved panes at the top of the sashes) you are certainly being offered plenty for your money.

There is an imposing entrance hall with flagstone floor, the Daubney coat-of-arms carved in stone over the porch, nine bedrooms, two bathrooms; walk-in heated linen room, apple store in the cellar, 1-acre grounds with kitchen and herb garden, orchard and greenhouse.

The house is a bit of an enigma architecturally, because it was believed originally to be a farmhouse, and has many Queen Anne features. The ecclesiastical touch comes from Archdeacon Daubney (1745-1827), from which the house Georgian house of yellow brick, four bays, with a lower three-bay addition, a two-bay pedimental gable, and in a segmental lunette with a fan motif. Listed, the DOE description is equally glowing: "Very fine circa 18th century mansion gentleman's residence, with garden front has an elegant central bow through both storeys, containing round-headed windows. Interior has a very good staircase of the period, and particularly good 18-hole courses in the area,

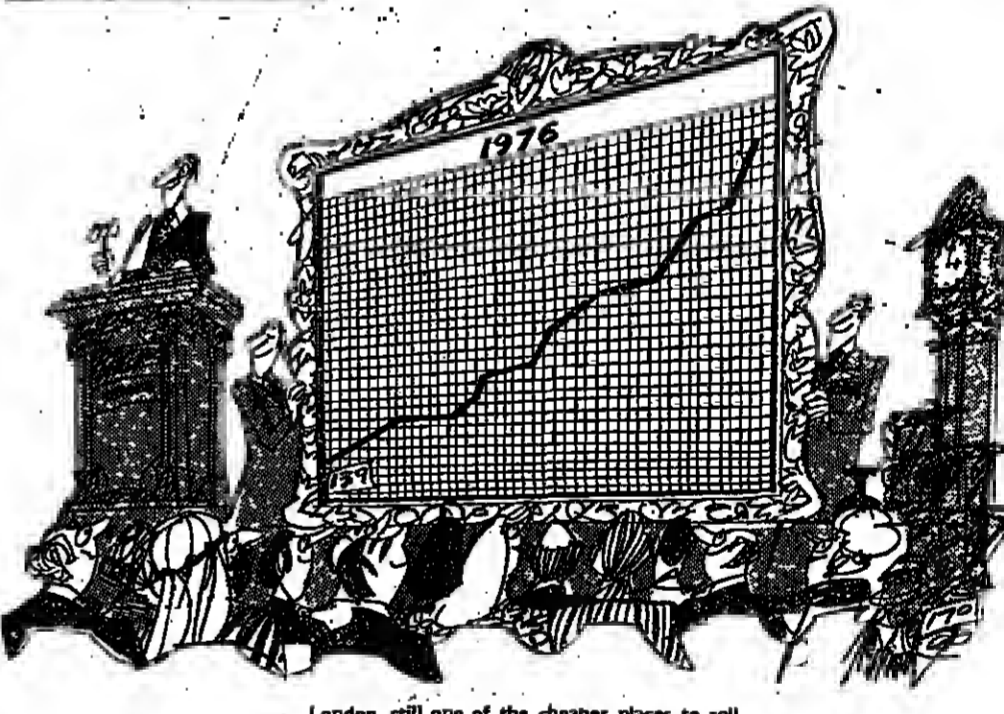
and plenty of unspoilt country- drawing-room." This was dated 1.10.53, giving the house (spelt Bellcroft), as the property of the Corporation.

My final period piece is a sad story, and I do not know the whole of it. Driving by a modern housing estate outside Newport in the Isle of Wight, I noticed a large Georgian house set almost in the middle. Stylish still, it was a sorry sight, many of its windows blackened, boarded and boarded. Research through the county architect, C. D. Webster of the IOW County Council, revealed that it was thought to be built in 1780 for Benjamin Cooke, a surgeon; various 19th century directories show that Cooke were living there then, and in Kelly's for 1931 a Mrs. Russell Cooke occupied the house.

Parsons mentions it, albeit without naming it, as a good Georgian house of yellow brick, four bays, with a lower three-bay addition, a two-bay pedimental gable, and in a segmental lunette with a fan motif. Listed, the DOE description is equally glowing: "Very fine circa 18th century mansion gentleman's residence, with garden front has an elegant central bow through both storeys, containing round-headed windows. Interior has a very good staircase of the period, and particularly good 18-hole courses in the area,

contemporary decoration in the Money? Aye, there's the rub.

Collecting Helping hands



London, still one of the cheaper places to sell

IT IS not all that difficult to be realised more than £14m, and established this twice-yearly event as a permanent feature of the Sotheby calendar.) The London salerooms can report turnovers for the autumn season a third up on the same period of 1975. Sotheby Parke Bernet's worldwide turnover of £43,022,000 is slightly more than 33 per cent up, while Christie's £21,210,000 is 33.4 per cent up. Phillips does not separate a figure for the autumn season, but says that during the period turnover has risen by 39 per cent. Over the whole year, Phillips' turnover of £18,086,000 represents an increase of 36.5 per cent over 1975.

Christie's explains its results in part by the increased number of sales—124 per cent more than in autumn 1975. Phillips continues to attribute its successes to a combination of the rapid sales service it offers, and the fact that it stood out against the buyers' premiums introduced last year by the other major London salerooms.

Along with its end-of-year report, Phillips has for the first time produced, in consultation with 40 experts at its various branches, an analysis of the market in 1976, and a prognosis of "Pacemakers to watch in 1977" and "Items which should continue to be a good hedge against inflation."

As reflected in Phillips' chart, demand for antiques quite clearly reflects the tastes of new overseas buyers. Middle Eastern taste has resulted in steep rises in prices of showy French 19th-century furniture, decorative clocks, overlay and decorative glass, pretty Victorian paintings, and of course Persian rugs and works of Islamic art (Sotheby's second Islamic week in Novem-

chances are that you are going to make the best investments that way in any case; and you'll get enjoyment out of the goods into the bargain, thus managing to have your cake and eat it. You are most likely to come unstruck when you buy something simply because you believe or have been told it will increase in value.

Still, a lot of Phillips' predictions look safe enough: quality English and Continental furniture, Georgian silver, good bronzes, good clocks and watches, fine diamonds and jewellery of rarer stones, such as alexandrites.

Clearly those areas of the market which have been suddenly rocketed up by current tastes of foreign buyers are likely to prove capricious; and Phillips' experts are not recommending as investment much in the way of goods with a Middle Eastern appeal, apart from Persian rugs.

Other recommendations include early British postage stamps, Victorian cookery books, Old Master drawings and prints. Good modern British art is generally underpriced. In the £500-£2,000 area, Phillips advise good travel and exploration books, Art Deco bronze and ivory figurines, Oriental swords and sword fittings, Fabergé, good quality Worcester, Minton and Coalport vases decorated by notable artists, finely engraved commemorative glasses, Old Masters and fine 18th century engravings. Over £2,000 you are advised to invest in cameo glass, fine Netsuke, later 18th and 20th century repeating watches and pocket chronometers and, again, Old Masters.

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playroom and a staff flat on the second floor. There is extensive storage space, a dry cellar and a double and single garage. The detached Tudor-style Coach House provides two reception rooms, two bedrooms, two bathrooms and a double garage. It has full central heating. The Croft cottage is a charming detached bungalow set in a corner of the grounds with road access and parking.

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HOME NEWS

N-East challenge over devolution

BY KEVIN DONE IN NEWCASTLE

THE GATHERING anti-devolution campaign launched its first organised broadside yesterday with warnings from a Scottish MP that Britain must choose between the stark options of remaining one country or becoming a "Balkanised island" confronting a "commercial and industrial chaos."

Builders forecast gloomy year for private homes

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

PRIVATE HOUSE builders expect to start work on 103,000 homes this year. This is fewer than during the last recession in 1974.

New poll challenge to Ulster parties

BELFAST, Jan. 7.

POLITICAL PARTIES in Ulster, who have already been asked by the peace movement in drop their sectional interests, are now being challenged by an organisation of community groups.

Business failures top 2,300, the highest since 1971

BY JAMES McDONALD

BUSINESS failures in 1976 were the highest for five years, according to figures yesterday from the Trade Indemnity, which underwrites credit insurance business and collects overdue accounts for its policy holders.

Fraser Ansbacher director denies resignation report

BY MARGARET REID

MR. GERALD JAMES, one of 18 people involved in the cutback at Fraser Ansbacher, the merchant banking concern, said yesterday that he had not resigned, had not been consulted about statements on his departure and was taking legal advice.

Call for aid on bacon supplies

BY PETER BULLEN

A DEMAND that immediate Government action should be taken to "save Britain's bacon," by giving aid to pig producers, has been made by farmers' representatives.

Few knew Spydar secrets, QC says

FINANCIAL TIMES REPORTER

THE ACCOUNTS of Spydar Securities were kept so secret that details of its investment scheme for Far East executives of the Slater Walker group were known only to a limited number of carefully selected people, it was claimed yesterday at the resumed extradition hearing at Hurler Road, London.

Satisfied

However, it appears that most of the local associations which want their own candidates are in Protestant areas. Groups in predominantly Roman Catholic districts generally seem satisfied with the present standard of their council representation.

British Airways sees better trade signs

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH AIRWAYS has seen signs of better trading conditions world-wide over the past few months, says Sir Frank McFadden, chairman in a New Year message to staff.

THE GOVERNMENT

has decided to double its financial aid to the Ulster meat processing industry to offset marketing disadvantages caused by the EEC decision to allow Ireland to devalue its "green pound."

Air ferry fare cut call

BRITISH AIR Ferries, which runs passenger services between the large nationalised airports and the Continent, has asked the Civil Aviation Authority for permission to cut its fares by an average 15 per cent this year.

Health service cuts warning from Ennals

BY RUPERT CORNWELL, LOBBY STAFF

THE NATIONAL Health Service and other social services face a "toxic" year, 1977, and will be hard pressed to keep up present standards in some areas, Mr. David Ennals, Secretary for Social Services, said last night.

F.T.-ACTUARIES SHARE INDICES QUARTERLY VALUATION

The market capitalisation of the sub-sections of the F.T.-Actuaries shares indices as at Dec. 31, 1976 expressed below in millions of pounds and as a percentage of the All-Share Index. Similar figures are also provided for the two preceding quarters. These valuations are published quarterly and are made by Extel Communications (Exchange Telegraph Group) on an I.B.M. 370 computer.

Table with columns: EQUITY GROUPS & SUB-SECTIONS, Market capitalisation at 31 Dec 1976, % of all share index, Market capitalisation at 30 Sept 1976, % of all share index, Market capitalisation at 31 Dec 1975, % of all share index. Rows include CAPITAL GOODS GROUP, CONSUMER GOODS, NON-DURABLES GROUP, FINANCIAL GROUP, and ALL-SHARE INDEX.

King's Cross work aims at freeing congestion

BY IAN HARGREAVES

CHANGES in track layout at London's King's Cross railway station will begin in the western part of the station will begin.

New schools will be vetted

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

THE GOVERNMENT will continue to inspect new independent schools before allowing them to register, even though it is planning to ease inspecting established schools with a view to recognising them as "efficient," the Department of Education said yesterday.

Advertisement for M&G High Income Fund. Features: '1% CAN BE BETTER THAN 13%'. Includes sections for 'TWO WAYS TO INVEST' and 'M&G HIGH INCOME FUND' with details on investment options and contact information.

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OVERSEAS NEWS



The new team, left to right: Francois Xavier Ortoli, Wilhelm Haferkamp, Etienne Davignon, Roy Jenkins, Lorenzo Natali, Christopher Tugendhat, Henk Vredeling, Raymond Vuel, Finn Olav Gundelach, Antonino Grolliti, Guido Brunner, Claude Cheysson, and Richard Burke.

EEC: First view of the Jenkins style

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT IN BRUSSELS

THE composition of the new European Commission, which was revealed yesterday morning by its new president Mr. Roy Jenkins, after almost 15 hours of intensive negotiations with his 12 colleagues, contains no major surprises.

But it involves some interesting new features which appear to reflect Mr. Jenkins' attitude to the future role of the Brussels executive as well as the political compromises needed to avoid dissatisfaction among its members.

The fact that the final division of the Commission was approved unanimously, without the need for a vote, suggests that the latter objective was achieved quite smoothly.

This apparently harmonious outcome is noteworthy because the room for manoeuvre in shaping the Commission was not that large. EEC governments had already put forward their nominees five weeks ago. By no means were all of them the first choices of Mr. Jenkins.

Moreover, at their last meeting just before Christmas, foreign ministers of the Nine agreed on the distribution of vice-presidencies, thus establishing some commissioners as more equal than others. It is more than probable that Herr Wilhelm Haferkamp's triumph (his own word) in obtaining the plum external affairs portfolio partly to his credit as a vice-president, Mr. Jenkins accepted the re-appointment of the somewhat undistinguished ex-trades union official, Herr Schmidt, at the insistence of Chancellor Helmut Schmidt, who was under heavy pressure from German labour leaders to find a good job for him in Brussels.

But Herr Haferkamp is likely to find his empire somewhat diminished compared to that enjoyed by his predecessor, Sir Christopher Soames. One of the innovations of the Jenkins Commission is that those communal farm trade disputes responsible for portfolios with the

with international ramifications outside the EEC will have a previous responsibility for development aid. Herr Haferkamp will however be given main responsibility for conducting the EEC's strategy in the North-South dialogue and other

M. Claude Cheysson retains his previous responsibility for the development aid. Herr Haferkamp will however be given main responsibility for conducting the EEC's strategy in the North-South dialogue and other

On the internal EEC front, there have been several significant innovations. A new respon-

former Conservative MP Mr. Christopher Tugendhat, has predictably received one of the less glamorous jobs. But because he may develop a detailed personal knowledge of the EEC budget and financial mechanisms (for which he is commissioner) he is likely to prove a valuable ally to Mr. Jenkins in keeping a firm grasp on the Community's purse strings. In a different area, outgoing president Francois-Xavier Ortoli is well-qualified by his financial expertise to take over the economic affairs portfolio.

For the rest, Dr. Guido Brunner will add to his previous responsibility for research, education and science, the task of energy, in which it is to be hoped he may have more success in nudging the Nine towards a common policy than his predecessor, Henri Simitier. Dr. Bamboya Mr. Henk Vredeling is forsaking the Dutch Defence Ministry to promote the human face of the Community in the form of social policy. Mr. Raymond Vuel retains competition policy and Mr. Richard Burke has been allotted a mixed bag of minor duties.

As a man with almost 30 years experience of Westminster, Mr. Jenkins could be expected to show particular interest in the European Parliament, both in its present and its future, directly or indirectly. Responsibility for looking after this EEC institution has been split between two commissioners and will also be shared with Mr. David Marquand, who is leaving the Commons to join Mr. Jenkins in Brussels.

Who has which Commission job

- Roy Jenkins (British), President
- Responsibilities: Secretariat, Legal services, Information and Spokesman's Group.
- Francois-Xavier Ortoli (French) (A) (B)
- Economic and Financial Affairs, Credits and Investments, Statistical Office.
- Wilhelm Haferkamp (German) (A) (B)
- External Affairs
- Finn-Olav Gundelach (Denmark) (A) (B)
- Agriculture and Fisheries
- Lorenzo Natali (Italian) (A)
- EEC Enlargement, Environment, Nuclear Safety, Contacts with public opinion over direct elections to European Parliament.
- Henk Vredeling (Dutch) (A)
- Social Affairs, Employment, Tripartite Conference
- Claude Cheysson (French) (B)
- Development Aid.
- Guido Brunner (German) (B)
- Energy, Research, Science Education.
- Raymond Vuel (Luxembourg) (B)
- Competition.
- Antonino Grolliti (Italian)
- Regional Policy and co-ordination of EEC funds.
- Richard Burke (Irish)
- Taxation, Consumer Affairs, Transport, Relations with European Parliament.
- Etienne Davignon (Belgian)
- Internal Market, Industry.
- Christopher Tugendhat (British)
- EEC Budget, Financial control financial institutions, Personnel and Administration.

(A) denotes Vice-Presidents. (B) denotes Member of last Commission.

forums for bargaining between the industrialised and third world.

At the same time, Sig. Lorenzo Natali has been awarded a newly-created "special responsibility" for dealing with the EEC entry negotiations with Greece and expected applications from Portugal and Spain. This is likely to be a tricky assignment, not least because Italy will probably suffer most in the agricultural field from the admission of new Mediterranean EEC members.

There is also a strong impression that Mr. Jenkins, as a politician of international stature, will want to play an active part himself in consultation with foreign dignitaries such as the U.S. Secretary of State. Indeed, some European officials are already concerned lest he

seduced too easily into concentrating too heavily on internal affairs at the expense of Brussels-based business.

On the internal EEC front, there have been several significant innovations. A new respon-

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Czechs detain dissident group

BY PAUL LENYVAI

VIENNA, Jan. 7. IN A CRACKDOWN on a new civil rights movement, the Czechoslovak authorities yesterday arrested four of the 257 signatories of a manifesto called "Charter 77". The manifesto, published in Western papers this week, accused the Communist regime of blatantly violating human rights as spelled out in the documents adopted at the Helsinki European Security Conference.

The four were released today but one of them, Mr. Vaclav Havel, a well-known writer, was almost immediately detained again by the police for further interrogation.

The other three people arrested were Mr. Ludvik Vaculik, also a writer, Mr. Pavel Landovsky, an actor, and Mr. Zdenek Urbánek, a critic. Other signatories of the charter include Dr. Jiri Hajek, a former Foreign Minister, and Professor Jan Patocka, a historian.

The signatories of the manifesto include many prominent associates of Mr. Alexander Dubcek in the reform movement before the 1968 Soviet invasion. The manifesto stressed that the signatories did not want to carry on any political activities as an organisation; they were only asking for the respect of elementary human rights, as similar groups had demanded in other Western and east European countries.

The manifesto marks the first organised public action by leading dissidents since 1968. It clearly reflects the impact of the Soviet and Polish civil rights movements. Western observers expect further reprisals by the Communist regime, which is determined to nip any political opposition in the bud.

Portugal plans legislation to curb Press

LISBON, Jan. 7.

PORTUGAL'S minority Socialist Government, struggling with a grave economic crisis, today announced plans for legislation to prevent newspapers from publishing "alarmist" reports.

But the Government was certain to face difficulty in getting the National Assembly to pass any law curbing the freedom of the Press—regarded as one of Portugal's main achievements since the right-wing dictatorship was overthrown in 1974.

An official communiqué said the Cabinet decided last night to seek parliamentary approval for measures "to put an end to the media's habit of spreading fascist and anti-democratic ideologies which also create an artificial climate of instability and alarmism."

The Government's plans, implying Press censorship, were bound to run into stiff opposition in the Assembly. Prime Minister Mario Soares's administration holds only 107 of the 263 seats.

Reuter Diana Smith adds: As of this week Portuguese importers face drastic credit cuts. No further credit will be granted for non-essential goods, including household appliances and cars. Full porters must deposit the full purchase price with banks and make no attempt to get foreign credit, if they do so, banks will refuse to supply foreign exchange to pay for transactions.

Importers may get 100 per cent financing to buy essentials such as meat, fish and grain, fuel or raw materials. These purchases may be partly-financed abroad. Domestic credit will only be granted for a non-renewable 180-day period.

Importers bringing in capital goods will be encouraged to seek foreign credit if goods are destined for trading on the Portuguese market. If goods are for a firm's fixed capital, banks must attempt to get foreign credit of not less than 40 per cent, for light equipment costing under 500,000 or 80 per cent for heavy equipment costing over 500,000.

Portuguese banks may not grant more than 60 per cent internal credit for light equipment and 80 per cent for heavy equipment.

Schmidt hint on Spain parties

MADRID, Jan. 7.

WEST GERMAN Chancellor Helmut Schmidt has quietly reminded the Spanish government of the likely political conditions that would be demanded if the country eventually made an application to join the European Economic Community.

Before leaving for home today Herr Schmidt talked to King Juan Carlos, having seen Prime Minister Adolfo Suarez yesterday. While insisting that he had no intention of interfering in Spain's domestic affairs, or of offering advice on the political

transition that he thought was progressing very satisfactorily, Herr Schmidt recalled that several members of the EEC were anxious to see all political parties legalised.

Sources say this was a clear reference to the Spanish government's dilemma over whether eventually to legalise the Communist Party. The majority view in the cabinet is believed to favour the participation of individual Communists in the general elections later this year, but to forbid them to run under the party banner.

Trident Gilt Edged Fund

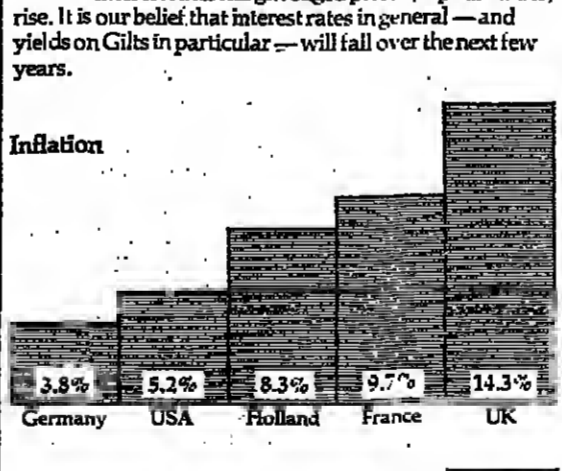
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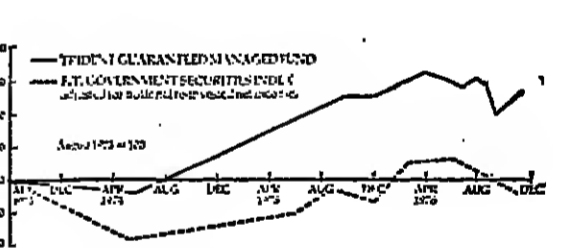
Why interest rates must fall The charts in the previous column compare U.K. inflation and short term interest rates with other countries and show how far out of line we are. Both our rates of interest and inflation must be brought into line with other Western economies. Unless we reduce inflation British exports will be priced out of world markets, the exchange rate will decline further, and the Government objectives of re-establishing confidence in sterling will fail.

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Professional management Confidence in Gilts alone is not enough for the private investor. It is a highly technical market and a Gilts portfolio demands active professional management. The managers must move out of the market into cash deposits where appropriate in the short term—or alter the maturity structure of the fund when market conditions suggest the prudence and conservatism of such strategies. Schlesingers and Trident Life have a sound record of Gilt management.



Trident's track record in Gilts One of the Funds under management is the Guaranteed Managed Fund. Since inception in 1973 this Fund has been invested exclusively in Gilts and cash deposits. The managers have followed a policy of active Gilt management with considerable success. The graph at the top of the next column shows the performance of the Guaranteed Managed Fund since inception and compares it with the F. I. Government Securities Index over the same period. However the Guaranteed Managed Fund can invest in equities and property as well as Gilts and cash, and may well do so over the medium term. For this reason we have launched the new Gilt Edged Fund for those investors who require a fund concentrating in Gilts.



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No guarantees The results of an investment in the Fund depend on the future movement of interest rates, and the figures given are merely examples. Unit values could fall as well as rise, but we repeat our strongly held belief that interest rates will fall to between 11% and 12% over the next few years and that an investment in the Trident Gilt Edged Fund will prove very worthwhile.

How to invest You can invest in the Trident Gilt Edged Fund simply by completing the application form, and sending it to us with a cheque. Your application will be acknowledged and your bond forwarded to you within the next week or so.

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Withdrawal plans If you invest at least £1,000 you may make regular withdrawals from your bond. Sufficient of the units allocated to your bond will be encashed and provided the cash sum produced does not exceed 5% per annum of the initial investment it will be free of all taxes at the time of withdrawal for a period of 20 years. These withdrawals will however, be liable to income tax and the detailed taxation are set out in the booklet.

Valuations The Fund's value and unit prices are published daily in the national press. They allow for transactions not made and the Company's liability to Capital Gains Tax. Future growth cannot be predicted and you should remember that the price of investment will also rise.

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Full details are available from the Company on request and are included in the booklet which will be sent to you with your Bond document.

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World Bank team for Hanoi

By Jurek Martin

WASHINGTON, Jan. 7. THE WORLD BANK is to send an economic team to Vietnam later this month, a mission which could lead to the granting of aid to help rebuild the country.

A bank spokesman said this morning that the Government in Hanoi had extended the invitation. The unified Vietnam became a member of the bank (as well as the International Monetary Fund and the Asian Development Bank) last September, taking the place held by the old government of South Vietnam.

The World Bank mission will follow hard on the heels of one from the Asian Development Bank which arrived in Hanoi last Sunday to discuss loans left outstanding by the old Saigon regime.

THE FINANCIAL TIMES

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A guide to travel costs around the world

BY FINANCIAL TIMES CORRESPONDENTS

HOW PRICES COMPARE (£)

Table with columns for Country/Town, Rate of Exchange, Index, and various restaurant and hotel prices (1 Night Bed, 1 Superior wine, 1 Beer, 1 Snack, 1.5 km Taxi).

The Index is based on the cost of three nights bed and breakfast, two dinners in an average restaurant, three bottles of house wine, one lunch in an average hotel, two snack meals, a 5 km taxi journey and five whiskies in a bar.

The boom in gilt-edged

IT WAS generally remarked at the time of the pre-Christmas mini-Budget that Mr. Hooley's latest proposals were likely to depress industrial activity and make the increase in private capital investment smaller than it would otherwise have been.

growth and a rise in idle capacity and unemployment. The Letter of Intent to the International Monetary Fund makes it clear that the Government will have to exercise a quite strict monetary discipline over the next couple of years in order to secure the speeded-up improvement in the balance of payments and bring inflation down to a more tolerable level.

Money supply That is not to say that the latest Government measures may not have indirect effects on business confidence, especially if some international agreement can be reached on action to reduce the risk of sudden withdrawals of overseas sterling balances and if the three strongest western economies—the U.S., Germany and Japan—take action to stimulate business and so improve the prospects for U.K. exports.

LONDON'S ROLE as the bergain basement of Europe is graphically demonstrated in this year's Financial Times International guide to business expenses. So too is the high cost to the British businessman trying to maintain his standards of comfort abroad when travelling on business.

London, which in a slightly different sample last year was found to be the 19th most expensive city in the world, has now slipped back to 38th place where it is sandwiched between New Delhi—traditionally regarded as a very cheap place to stay, but now reckoned to be marginally more expensive than London for a British businessman staying at reasonable hotels and eating familiar food—and Cairo.

The idea when compiling the index is that the traveller would find a similar standard of accommodation wherever he was in the world. He would also tend to eat traditional European food, rather than experimenting with foreign delicacies and buy his usual drinks. Such standardisation is not, of course, possible in practice.

Letters to the Editor

Housing From Mr. A. Bloke. Sir,—The housing director of Shelter in his letter of December 18 deludes himself if he imagines it is "the campaign against the Rent Act" that has scared off potential landlords.

Rhodesia From Mr. J. Gibbs. Sir,—In the last few days the best news for Rhodesia has come out of Rhodesia, namely the setting up of the "Zimbabwe United People's Organisation," by Senator Chiefa Chirau and Ndwiwi.

Notions From Mr. P. Tillet. Sir,—Mr. W. S. Roe (January 5) is quite correct in pointing out that the principle of taxing national rents could just as well be applied to motor cars, TV sets, etc. as to houses, there being no clear dividing line between them.

Repayer From The Member for Finance, British Gas Corporation. Sir,—Mr. Goodland (December 31; Forecasts 1977), I find no grounds for hope whatsoever! Unfortunately, he confines his hopes, and fears, to observation and comment which would be more in keeping from a politician and not a business man.

Leadership From Mr. R. Clarke. Sir,—Reading John Methven's "Grounds for hope" (December 31; Forecasts 1977), I find no grounds for hope whatsoever! Unfortunately, he confines his hopes, and fears, to observation and comment which would be more in keeping from a politician and not a business man.

Betting From Mr. J. Wakeham, MP. Sir,—The public and the shareholders in the major betting shop companies will be Is it asking too much of our

require a more adequate defence of their position than given so far to the evidence put forward by Woodrow Wyatt and his colleagues to the Royal Commission on Gambling. Surely not!

Those of us who would like a lowering of the tax burden on racing know that we cannot ask Government help until racing has done what it can to help itself. In our question, whether there will be a saving of some £40m. per year if the number of betting shops was reduced from 14,000 to some 8,000 and whether this reduction in outlets would seriously inconvenience the betting public.

From The Director Centre for Innovation and Productivity, Sheffield City Polytechnic. Sir,—Lord Brown (December 31) should not complain about the media ignoring the "dramatic" news from the Department of Employment. It is not as if he has spoken to a single person in the last few days who is not disgusted at the large number of working days lost, due to the Christmas/New Year festivities.

From Mr. A. Unsworth. Sir,—It does seem that the man in the street is far more conscious of the state of the country than the Government. I have not spoken to a single person in the last few days who is not disgusted at the large number of working days lost, due to the Christmas/New Year festivities.

showing the fifteen most stoppage-affected manufacturing industries. Another five of these fifteen industries have a much higher than average proportion of employment in large plants.

Now that the official figures seem to confirm what some of us have been saying for a long time, that the size of organisation is a critical factor in industrial unrest, the question is, "What, if anything, can be done about it?" The right answer will surely justify headlines.

Hibernation From Mr. A. Unsworth. Sir,—It does seem that the man in the street is far more conscious of the state of the country than the Government. I have not spoken to a single person in the last few days who is not disgusted at the large number of working days lost, due to the Christmas/New Year festivities.

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Advertisement for Lawson High Yield Fund, featuring a large '13.3%' graphic and text about quarterly payments and growth potential.

Handwritten Arabic text at the bottom of the page.

Fairer weather at Earl's Court

By STEWART ALEXANDER

THE doldrums in 1974 industry has built its recovery in 1975, through cautious optimism in 1976, the more justly is calmer and more prudent than it has been for some time. Home sales are steady, exports are booming and there are signs of a new generation of boat owners to keep the wheels turning.

There is also a less easily fathomable yet tangible new spirit to the industry, a new era of authority which has been born out of three troubled years hanging on by the finger nails while at the same time carrying on a running fight with the government over credit restrictions and the punitive imposition of 25 per cent. value added tax.

Casual visitors to Earl's Court in the boat show over the next eight days will find few startling new developments except, perhaps, that the famed invasion of Oxford Street by foreign buyers has found its way on to the District Line and on to the exhibition. Manufacturers have been concentrating more on consolidation than on new designs and though there are some new boats, engines and electronics the only thing that has changed on some stands is the price tag.

Costs of materials, and particularly engines, have gone up more or less in line with inflation and new boat prices are up by about 20 per cent. on average. This, coupled with a strong second-hand market—largely influenced by the large number of craft sold abroad—means that it is now possible to buy a boat at the beginning of the year, run it for a season and sell it at the end of the year for a technical profit in cash terms. As the flow of people prepared to commit their savings to something other than a future rainy day continues steady, a hobby with financial appeal is an attractive proposition. Exports, however, have been the main platform on which the

industry has built its recovery in 1975, through cautious optimism in 1976, the more justly is calmer and more prudent than it has been for some time. Home sales are steady, exports are booming and there are signs of a new generation of boat owners to keep the wheels turning.

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offers instant boating in a manner which can easily be understood. It is almost like driving a car across the water and there are no perplexing bits of string to become tangled round wires and children's legs.

The escape to the water, still a selling point very dear to boat builders, is made in a controlled way and the new owner can go home when he likes rather than when the wind allows him.

Dinghies, for so long the starting point of these taking to the water, have been hard hit in the last few years. Many companies have gone out of business or have drastically reduced their workforces. Apart from Lasers, which have been very well promoted and highly successful, along with the ever-popular Mirror, manufacturers have in general ignored promotions leaving the class associations and clubs to keep interest alive.

At the same time the improving network of motorways has meant greater mobility for those living in the industrialised belts and it is in these areas that potential for new sales has quietly been growing.

Unfortunately the rewards have been spread unevenly in terms of the companies picking up the business, the kinds of boat being sold and the areas in which they are sold. The whole of the south coast continues to attract a growing number of boat users with the M5 especially helping the West Country. Yet the east coast is declining, and before the Clyde can properly benefit from the M6 improved facilities and moorings will have to be made available.

Although interest rates on loans in buy boats are generally high at 20 per cent. plus this is not proving a deterrent and it has been the re-emergence of the five or even seven year repayment period that has been one of the principal factors in

the mild recovery of the home market.

While this has not yet turned into a flood it has meant that cash flows and profitability have improved as the undercover price war has eased. Two years ago many builders were being forced to offer discounts as buyers shopped around for the best deal. There is still some price cutting, the need to pare profits to the bone just to keep the factory busy is no longer pressing.

Significantly, some builders are back in the position of quoting delivery dates through to the middle of next summer and one or two have even said they are already selling against 1978 production.

Confidence

The proof of the return to confidence will be seen when the industry begins to re-invest. Only now are manning levels beginning to creep up again and there are fears that in some areas a shortage of labour may be one of the main curbs to rapid growth.

During the lean years of 1974 and 1975 many workers were laid off and there is a strong possibility that a good proportion of them will have been lost to the industry forever. Training takes time and the number of apprentices taken on has also been held down.

Companies are looking for workers but there is still some nervousness about continuity. Having once suffered at the Chancellor's hands there is reluctance to lay it off again in the event of re-imposed credit restrictions or an increase in VAT.

There is, however, great inherent strength in the market for sailing cruisers and the weather of the last two summers has given owners the opportunity to obtain far greater use from their boats. The expected trading down

as living standards are squeezed has not taken place and buyers have moved up with the market. The halving of VAT from 25 per cent. to 12½ per cent. was not passed on completely to a public that had just started to become accustomed to higher prices, so the manufacturers share some of the relief with the consumers.

On the equipment side sales are booming both in this country and abroad. At home, the slack in demand for new boats is compensated for by owners upgrading their existing craft. While overseas buyers come looking for value, sail and motor makers, which builders and fittings manufacturers have all benefited from the increased export of finished boats and even racing clothes are enjoying a boom.

Electronics have proved a remarkable example of what British industry can do when it sets its mind on fighting for export sales when the home market comes under pressure. The Seafarer range of electronic sounders made by Electronic Laboratories (Marine) are beating the Americans in South America and challenging the Japanese in Australasia. There sales of Seafarers have quadrupled.

As the public demands greater safety and improved communication at sea, so the sales of radar and radio telephones have increased and the same company's Seavoice has sold 13,000 world-wide in the last two-and-a-half years. In spite of doubled production capacity the company is quoting March delivery and the Seavoice direction finder is sold out until June.

The reason is not just that wives are happier—letting their men roam offshore—if they know they can call for help when in trouble. Far more, it is another example of applying high-company management techniques and economies of size to

the job of producing well-engineered up-to-date competitive equipment and then backing it up with wide distribution and proper after-sales service.

Westerly Marine, too, has instituted after-sales in much the same way as a car manufacturer. They also have a novel scheme whereby work can be put through a yard by an owner, who then pays Westerly, which then vets the quality of the work before handing the money over to the repairer.

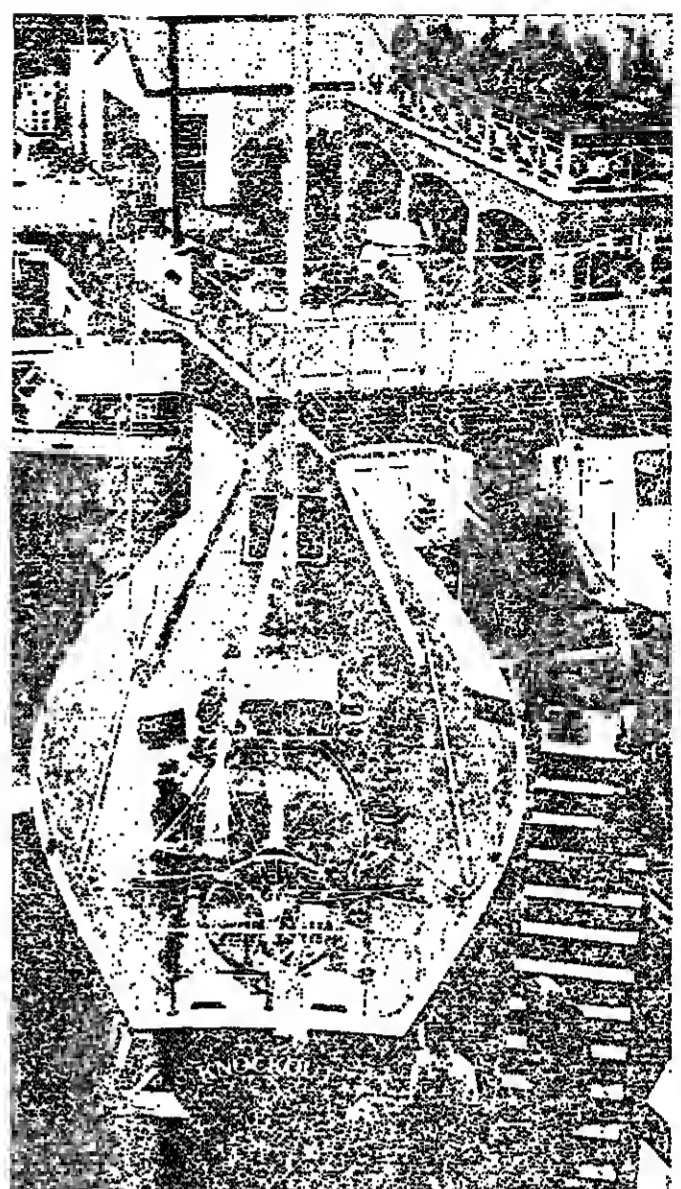
In engines, too, there are new British designs from both Petter and Lister which are arousing a great deal of attention. Imported units have become very expensive as the foreign exchange rate has worked against the U.K. and some imported engines are not always as reliable as their reputations. If Petter can produce the right quantity they will undoubtedly be able to compete successfully with overseas makers.

Smaller boats

Racing has seen a shift of emphasis again to smaller boats and as another Admiral's Cup Cowes Week looms, it is significant that the majority of new racing machines in contention for a place in the British team will be two-ton class, though there will always be a small select band who will be able to muster a Class One fleet.

Overseas designers are still tending to dominate the larger sizes of racing boats and it is a pity that one or two home-grown designers are not given more of a chance, but in such a fashion much at stake stardom can be very short-lived.

The influence of racing has noticeably filtered through to the cruising man, and is likely to even more so former racing and other crew progress in their own boats and demand performance and equipment equal to the standard usually



The new Ron Holland-designed two-ton racing machine 'Knockout', built at Cowes by Souter for Sir Max Aitken. The price of the winches around and in the cockpit would buy a small country cottage.

found in racing boats. They are also becoming more gadget-conscious, possibly as a result of their products are every bit as good as the opposition's and can be sold competitively all over the world.

Europe is the new home market and it would not be too jingoist to say that Britain is the European leader after a three-year struggle which has left fewer scars than originally predicted.

LABOUR NEWS

Pit deputies defer retirement talks

BY ALAN PIKE, LABOUR STAFF

LEADERS of the National Association of Colliery Overmen, deputies and Shifters put off their case for retirement at 60 or all their members who work underground at a meeting with coal Board officials in London yesterday.

Both sides accepted that there could be no realistic negotiations the claim until the National Union of Mineworkers demand early retirement was settled. It will be another meeting.

Initiative moves on the claim, on which negotiations have been adjourned until yesterday, were made yesterday. Mineworkers' union officials cited the TUC to arrange for the union's leaders to consult the joint committee before using negotiations with the coal Board.

It was hoped this meeting would be on Monday. It seems more likely to be held on Wednesday.

Both sides of the industry will also get the view of the Government on the claim—including the important issue of how it is to be financed—from Ministers, including Mr. Albert Booth, Employment Secretary and Mr. Anthony Wedgwood Benn, Energy Secretary, next week.

At the last round of negotiations on Tuesday the Coal Board made an improved offer of voluntary retirement for appropriate workers at 62 as soon as pay policy permits, reducing in 60 by 1979. This was rejected 13-12 by the union executive. The rejection was rescinded to allow talks to continue.

Peace at Rubery Owen threatened again

BY OUR LABOUR STAFF

ANOTHER threat to the year of industrial peace being sought at Rubery Owen's West Midlands motor components plant developed yesterday when conveners of the electrical and engineering unions refused to attend next week's important meeting on procedure.

The meeting between unions arranged following an initiative by Len Murray, TUC general secretary, to end an electrical strike which was threatening the future of the plant. However, conveners of the Transport and General Workers' Union and Amalgamated Union of Engineering Workers said yesterday that they would not join Electrical and Plumbing Trades Union at procedure talks on Tuesday which, the company hopes, would pave the way towards improving industrial relations.

The conveners complained that the electrical representatives at the plant withdrew from the joint shop stewards' committee in 1973 but have continued to accept wage increases negotiated by other unions.

The talks next week are due to be attended by national and regional unions officials and the meeting can be expected to go ahead as planned, despite the boycott.

Lay-offs at Massey Ferguson's Coventry tractor plant rose to 1,860 yesterday because of a strike over manning and output levels.

ACAS bid to end strike at publishing house

BY OUR LABOUR STAFF

THE ADVISORY Conciliation Arbitration Service has set up separate informal talks on management and staff at London publishing company, Century House Publications, in bid to resolve a strike by 25 journalists over pay and conditions.

Journalists, some of whom received letters of dismissal on Monday, are receiving financial support from the National Union of Journalists.

The strikers are seeking redress in redundancy payments, a post-strike closed shop, and a commitment to job-aiding. They have also submitted amendments, opposing the social contract and calling for a national strike, to the executive's own motion calling for a wider form of opposition to cuts. While the executive did not support the amendments, those are still likely to be debated by delegates at conference.

Cuts opposition move rejected

MANIFESTO FOR more vigorous opposition to cuts in local government expenditure by the National Council for the Local Government Officers' Association was rejected yesterday by the union's national conference.

Govan yard asks State for aid

BY JOHN WYLES, SHIPPING CORRESPONDENT

BOILERMAKERS AT Govan voted overwhelmingly in favour of the agreement that Govan had agreed yesterday to abandon some traditional demarcation lines and then urged the Government to build up a workforce to lay it off again in the event of re-imposed credit restrictions or an increase in VAT.

There is, however, great inherent strength in the market for sailing cruisers and the weather of the last two summers has given owners the opportunity to obtain far greater use from their boats. The expected trading down

Although the vote by a mass meeting of the State-owned company's 2,500 boilermakers was described by one of their officials as "a great step forward," Govan management took a more sceptical view and warned against expecting any dramatic leaps in productivity.

The company had sought a new working agreement with the Boilermakers' Amalgamation to coincide with the introduction of new steelworking facilities under a £25m. modernisation plan.

It has managed to secure some greater flexibility between trades within the Boilermakers' Amalgamation as well as provisions for more mobility of labour.

One of the most novel aspects of the agreement is that it has now been reached without a consequent pay rise—which would have been prevented by the pay policy.

This contradicts a strong Boilermakers' tradition and helps to explain why the union was calling for a quid pro quo from the Government.

Mr. James Ramsey, the Boilermakers' Upper Clyde district delegate, said after the men had

Nyerere assurance on Rhodesian peace

BY QUENTIN PEEL DAR ES SALAAM, Jan. 7.

MR. IVOR RICHARD, Britain's roving envoy to Southern Africa, today won the assurance of President Nyerere of Tanzania that the guerrilla war in Rhodesia would end once a majority Government had been formed there.

The Tanzanian President emphasised that such a Government must represent "a true transfer of power to the people of Zimbabwe." He welcomed the British decision to play a role in an interim administration in Rhodesia.

President Nyerere has not committed his support to any interim Government which does not constitute a majority regime. But his favourable reaction to Mr. Richard's latest proposals, coming after the positive response of President Machel of Mozambique in Maputo yesterday, marks a hopeful end to the British envoy's first round of Rhodesian shuttle diplomacy.

The assurance given by President Nyerere appears to go a long way to meeting the conditions understood to have been set by Mr. Vorster, the South African Premier, for his support of the British settlement proposals.

Given the continued insistence of Mr. Ian Smith, the Rhodesian Prime Minister, that he will only accept the so-called Kissinger plan, despite the African hopes by the front-line African Presidents and by the Rhodesian nationalist leaders, Mr. Richard regards the South African position as the key to a solution.

In addition to President Nyerere's public statement today

MONDAY—House of Commons reconvenes after the Christmas recess. European Central Bankers' two-day monthly meeting opens in Basle. European Parliament resumes in Luxembourg. Mr. Ray Buckton, general secretary of ASLEP, at Coal Industry Society luncheon, Hyde Park Hotel, SW1.

TUESDAY—Organisation for Economic Co-operation and Development two-day meeting opens in Paris for crucial talks on world shipbuilding crisis. Hire purchase and other instalment credit business (N.A.). Civil national youth organisers. Confederation of British industry industrial trends. Wholesale

Economic Diary

Price Index (Dec.—prev.). Turnover of catering trades (Nov.). Personal income (Nov.). Expenditure and savings (third quarter). Gross domestic product (third quarter—prev.).

WEDNESDAY—Furner meeting of National Union of Mineworkers' executive to discuss early retirement. Mr. Anthony Crosland, U.K. Foreign Secretary, addresses European Parliament in

Luxembourg. TUC economic committee meets. Central Government financial transactions (including borrowing requirements) (Dec.). Housing starts, completions, and renovation starts approved (Nov.). THURSDAY—Scotland and Wales Bill committee stage in Commons. Sir Rowland Wright, chairman of ICL, at American Chamber of Commerce luncheon, Savoy Hotel, W.C.2.

FRIDAY—Steel production (Dec.). Building Societies receipts and loans (Dec.).

Still waters.

The smooth, dry taste of Booth's Gin doesn't need fizz to be enjoyed. Add pure, still water on its own—or with a touch of bitters—and your appreciation of Booth's will still run deep.

Smooth Booth's.

COMPANY NEWS COMMENT

Oliver Rix cuts deficit to £77,000

IMPROVEMENT in both the trading and financial position has been achieved at major distributor Oliver Rix, says Mr. A. K. L. Stephenson, the chairman. For the year ended September 30, 1976 the pre-tax loss has been cut from £262,091 to £77,000.

This represents an almost break-even second half after a £66,302 loss at the midway stage. Sales, excluding car tax and VAT, were marginally higher at £26.41m. (£26.5m) for the year. Trading has been strengthened by rationalising the motor division. This is now expected to benefit from further financial enrichment from British Leyland, Mr. Stephenson states.

Profit from the transport division has substantially increased and the industrial and insurance divisions have achieved useful growth, he adds.

There were losses on sale of land and buildings amounting to £6,823, and on sale of subsidiaries and investments, £128,673, together with loan stock costs of £33,332. These were partially offset by the release of £33,600 deferred tax making an extraordinary net loss of £137,223.

HIGHLIGHTS

Of the handful of companies that reported results yesterday, Oliver Rix reported a much reduced loss for the full year of £76,000 on a turnover of £27m. Before interest charges the group's trading profits showed a rise of 25 per cent with the main impetus from the transport division. On the takeover front, Imperial Kalle has raised its bid for Richards of Sheffield from 21p to 30p cash and got the backing of the Richards family.

F. Cooper sees return to profit

THE DIRECTORS of Frederick Cooper (Holdings) are looking forward with confidence to the coming year and fully expect a return to satisfactory profitability, after the downturn from a profit of £209,150 to a loss of £284,567 in the 18 months to July 31, 1976.

Commenting on the 18 months reports Mr. F. Cooper, chairman, says that Latham Manufacturing Company, suffered a cancellation of contracts representing over half of its monthly turnover, due to a change in Government policy regarding the construction of new telephone exchanges.

Consequently, the company was in a position to produce an immediate loss situation at the company which the directors are confident will be reversed in the coming year. They are making good progress in this respect, he adds.

During this period, the group suffered its first cash deficit and size when several of its customers in the building industry went into liquidation.

UMEC Boydell (Sales), formerly UMEC Bearings, which had been non-profitable for some time and was a continual drain on cash resources, was sold. Latham Manufacturing, reporting the loss of substantial orders, has been moved to the site formerly occupied by UMEC Boydell, and its former premises at Crosshills Road is now for sale.

The turnover is not without prospects for the future, and, while suffering disappointments in some areas last year, other areas have developed considerably and are confidently producing satisfactory profit rates, he says.

The paint coating plant at Custom Coll Coaters is now producing the tonnage which the directors expected some time ago. The plant is not without prospects for the future, and, while suffering disappointments in some areas last year, other areas have developed considerably and are confidently producing satisfactory profit rates, he says.

Robert H. Lowe better second half

At mid-way when profits were little changed at £169,000 the directors said that second half was expected to reflect continued pressure on margins.

Earnings for the year improved from 7.78p to 10p and the dividend total is stepped up from 3.175p to 3.482p with a final payment of 2.17p not.

Tax taken is £158,050 (£144,135) leaving the net balance ahead of £124,078 to £169,000.

The Board proposes to redeem all the 3.15 per cent redeemable cumulative second Preference shares remaining in issue on October 31, 1977. The number of shares in issue on January 1, 1977 was 31,377 of which 10,000 will be redeemed at premium requiring £24,719 for payment to shareholders and £1,012 to cover the liability for advance corporation tax arising from the redemption.

Mr. John Oakley, chairman, says: "We are confident that the company will be worth at least £3m, in addition to sales this year."

Companies in the group include Berwick's Toy Company, Model Toys, Peter Pan Playthings, Flair Toys and Harrold's Plastiline. Current turnover is about £10m.

Last month the group announced the acquisition of Aurora Ltd. from the American National Corporation. Its car racing, snooker and other table games are being marketed by Flair Toys, which also handles the Daisy Dolly.

Mr. Oakley says that the group is now manufacturing under licence products from Germany, Japan, the U.S.—all of them with proven appeal.

"We are also spreading our sales effort throughout the year, to avoid over-dependence on Christmas. The summer holiday trade is becoming increasingly important."

Berwick Timpo plans £5m. sales boost

Berwick Timpo is launching 150 new toys and games at the Harrogate Toy Fair next week, Mr. John Oakley, chairman, says.

"We are confident that the company will be worth at least £3m, in addition to sales this year."

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Christy Bros. first half standstill

Trading activity of electrical engineers Christy Bros. started the year slowly and pre-tax profits for the six months to September 30, 1976, were £23,000 compared with £40,000 for the corresponding period. Profit for the last full year was £111,000.

Half yearly earnings per 25p share are given at 3.4p (2.5p) and the directors are forecasting a final dividend payment. The total dividend was 12.25p per 25p share for 1975-76.

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Results due next week

The post-New Year lull has lasted only one week. This week more than 40 companies will produce figures compared with a mere 14 in the last seven days. Most interest will be concentrated on the half-time results from Thoro Electrical Industries which is widely expected to begin showing dramatic growth. But there will be room for attention to the preliminary figures from English Chain due out on Thursday, and the half-time results from Hogg Robinson and Seestick and Newcastle Breweries.

At one time there was a school of thought which expected a round £100m. pre-tax profits from Thoro this year but greater caution has crept in closer to next Friday's publication of the half-time results. Now the estimates range on both sides of £90m. with £88m. on the low side and £92m. looks a good bet, representing a rise of a third on the comparable period. This is despite continuing problems to the manufacturer. One advantage following the closure of the Skipton colour tube factory in a full year this could amount to the £10m. savings which should bring in around £25m. (£16.6m.) for the full year. At least, analysts forecasts are all closely grouped around that figure. The half time results showed a 40 per cent. rise and, with exports of clay picking up considerably (perhaps by 20 per cent. in the second half), the prospects of a fairly similar growth rate in the latter half look good. The sharp turnaround in

DIVIDENDS ANNOUNCED

Company	Date	Current payment	Corre. div.	Total	Total last year
P. J. Carroll	Feb. 28	6	13.75	19.75	17.75
Robert H. Lowe	Mar. 1	2.5	3.49	5.99	5.18
F. S. Ratcliffe	Mar. 1	Nil	Nil	Nil	2

P. J. Carroll rises 61% on CCA basis

THE IRISH cigarette and tobacco manufacturer P. J. Carroll, one of the first companies to publish its annual accounts on a current cost accounting basis, shows a pre-tax profit of £1,142,000, against £829,000 on a historical basis, for the 15 months ended September 30, 1976.

This compares with a profit of £2,050,000 (£3,730,000) of £2,050,000 (£3,730,000) in the previous 12 months period. Sales for 1975-76 expanded to £12,424m. (£7,582m.) with exports at £30.6m. showing a 100 per cent jump on an annual basis.

A final dividend of 2.125p net per 25 share makes the total for the period, after two interim payments 3.5p. A comparison of the proposed dividend shows the final at 3.25p (8p) lifting the total for the year to 13.75p (8.75p).

The directors also propose a capitalisation of 22m. of the company's reserves for the purpose of a two-for-one scrip issue to holders registered at February 4, 1977.

Stated earnings per share on a historical basis at 25.2p are when annualised, up at 15.6p (13.6p).

The tax charge comes out at £1,575m. (£9,600m.) but provision of £1,212m. has been made for additional tax relating to cost of sales adjustment should the group have to be assessed on an historical basis. The net profit available for distribution and general reserve the directors moved £1,952m. to the revaluation fund. The revaluation fund value of the shareholders' equity interest at the year end is £1,952m.

Avenue Close first half rise

As a result of the inclusion in full for the first time of the completed Truro development and the reversions from West End properties, rental income of Avenue Close improved from £42,242 to £221,854 in the half year to September 30, 1976—in addition there were property dealing profits of £1,865 (£22,896).

At the pre-tax level, profit was up from £28,408 to £140,850—the previous year the figure was £234,574.

The directors anticipate that the dividend for the year will be higher than the 1.345p net last time.

Guthrie to reconstruct in Malaysia

Guthrie Corporation, the British group with high and palm plantations in Malaysia, has confirmed that a proposal to reconstruct its Malaysian plantation interests—other than those held through Guthrie Ropel—has been approved by the Malaysian authorities. The plan was first reported in Wednesday's issue of the Financial Times.

In a statement to the Kuala Lumpur Stock Exchange, the London-based group also confirmed that Guthrie Ropel was not involved in the reorganisation proposal for the main plantation interests. The latter would initially continue to be wholly owned by Guthrie Corporation, the parent company.

Guthrie Ropel is a Malaysian company quoted on the Kuala Lumpur Stock Exchange. At present 38 per cent of its shares are held by outside investors and 62 per cent by Guthrie Corporation.

Guthrie Ropel has 33,000 acres of the group's Malaysian plantations, while the remaining 181,000 acres are held by the ten wholly-owned plantation companies which are at present resident in the U.S. and are the subject of the reconstruction scheme.

There is no doubt that active interest in the reconstruction of its business, will always have an excess of net monetary assets and, if it is to maintain the same level of business during a period of inflation, there is a need to finance an increased holding of these assets.

After allowing for the change in the value of money, a statement of change in shareholders' equity interest shows a gain of £2.12m. for the year—dividends take £1.2m., leaving £0.92m. The directors have decided to transfer to revaluation reserve a sum of £1.2m. to be comprised together with the revaluation surplus which is regarded as non-distributable.

Meeting, 55, Moorgate, EC, February 3, 12.20 p.m.

Hawley Goodall cuts loss at halftime

Turnover of Hawley-Goodall Group increased from £9.85m. to £10.73m. in the first half to June 26, 1976 and the deficit has been reduced from £28,000 to £8,000 after lower interest charges of £20,000, compared with £28,000.

The directors state that average weekly turnover in the last quarter has been running at £300,000, compared with £250,000 a year ago. However, this improvement will not bring the company into profitability in 1976.

The company makes camping equipment, garden furniture and rope and canvas goods.

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ANSTON HLDGS.

Anston Holdings points out that the future rate of new residential building in the country is dependent on the national economy and availability of mortgage finance. However, substantially completed flats are such that the Board has little cause for concern.

The interim results were reported yesterday. Earnings per share should have been given as 1.33p (1.13p) and not 0.0125p (0.0113p).

UNIT TRUSTS

The Trident Gilt Edged Fund is being offered by investors this week-end by Trident Life Assurance. The portfolio is currently invested in long-dated gilt-edged securities over 15 per cent. gross. The management emphasises that it believes that interest rates in general will fall over the next few years and that capital appreciation will be boosted not only by a high roll-up of interest but by rises in gilt prices as interest rates fall. The minimum investment is £200 and for investors seeking income there is an automatic withdrawal plan, provided the investment is at least £1,000.

comment

The management of Trident Gilt Edged Fund is taking a very firm line on the way it expects interest rates to move over the next few years and has invested in long dated stocks to get the maximum benefit from the rise that would follow from the rates moving to a lower level. The fund is therefore aimed at the investor seeking capital growth and the next few years will ultimately depend on whether the views of the management are borne out. Investors seeking income can use the withdrawal scheme but should be aware of the tax position very carefully.

Trident Gilt Fund offer

The Trident Gilt Edged Fund is being offered by investors this week-end by Trident Life Assurance. The portfolio is currently invested in long-dated gilt-edged securities over 15 per cent. gross. The management emphasises that it believes that interest rates in general will fall over the next few years and that capital appreciation will be boosted not only by a high roll-up of interest but by rises in gilt prices as interest rates fall. The minimum investment is £200 and for investors seeking income there is an automatic withdrawal plan, provided the investment is at least £1,000.

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M & G HIGH INCOME

The M and G Group is offering investors this week-end the M & G High Income Fund yielding at present an estimated 11 per cent. gross. The underlying assets are drawn from a portfolio entirely in high yielding U.K. equities to provide a good starting income combined with the maximum prospects for income growth. Investors can invest either by a lump sum outlay, minimum sum £250, and the investor has the choice of income or accumulation units. A regular saving of at least £10 per month through a life assurance scheme investing in accumulation units.

comment

Investors seeking income have to decide between funds offering a high starting income with little or no prospects of future growth or those with lower starting income but better growth prospects. The M and G High Income Fund by investing in equities falls in the latter category. The fund

Good start for Akroyd and Smithers

STOCK and share jobbers, Akroyd and Smithers has made a promising start to the current year and there are signs of real hope for the future, states Mr. D. LeRoy-Lewis, chairman.

The directors will not be translated into fact until the nation starts lifting within its means and offering worthwhile incentives for the creation of jobs.

If there was any real indication that the Government was going to pursue such policies, confidence would return and the company should have a very profitable year.

Referring to the decision of the Council of the Stock Exchange not to proceed with the formation of a Traded Options Exchange within the U.K., the chairman says that the directors will continue under close scrutiny the proposed development.

There is no doubt that active interest in the reconstruction of its business, will always have an excess of net monetary assets and, if it is to maintain the same level of business during a period of inflation, there is a need to finance an increased holding of these assets.

After allowing for the change in the value of money, a statement of change in shareholders' equity interest shows a gain of £2.12m. for the year—dividends take £1.2m., leaving £0.92m. The directors have decided to transfer to revaluation reserve a sum of £1.2m. to be comprised together with the revaluation surplus which is regarded as non-distributable.

Meeting, 55, Moorgate, EC, February 3, 12.20 p.m.

Hopes for investment go-ahead at S. Osborn

Capet Cure Myers sold 10,973 Dumford and Elliott new 10p preference shares (nil paid) at 10p premium 763 at 9p and £400 at 12p all on behalf of discretionary investment clients. They also sold 780 Dumford and Elliott new 10p preference shares at 12p premium on behalf of an associate.

The company has started the year on a sounder order load but any marked improvement in profits must depend on the economy of the recovery in the U.K.

As known, group sales for the 52 weeks to October 1, 1976, were £22,500 (£22,710m.) and pre-tax profit was £2,900m. (£2,850m.)—adjusting for inflation, including an adjustment for gains on non-monetary liabilities, the profit margin would be reduced by about £2m.

During the year a 22m. medium-term loan facility was negotiated—following continued repayments of the Department of Industry loan, that facility has now been reduced to £9.75m. which is due to be repaid over the next 15 months.

The chairman reveals that South Osborn Australia Pty., which reduced its operating loss last year, is now operating profitably.

Meeting, Sheffield, January 31, 12.30 p.m.

Recovery midway at F. S. Ratcliffe

For the six months to October 31, 1976, F. S. Ratcliffe Industries reported a recovery in pre-tax profits from a depressed £33,928 to £96,710. Sales for the period rose from £390,140 to £794,266.

After tax for the half-year of £45,500 (£19,000) the net balance comes through at £41,210 (£19,028).

UBAF

The name of UBAF has been changed to UBAF Bank.

NEW LIFE BUSINESS

ALWAY LIFE ASSURANCE COMPANY—New business increased by 12 per cent to £7m. New annual premium sales were £700 compared with £600,000 in 1975. New annual premium sales were £700 compared with £600,000 in 1975.

HOGG ROBINSON

Hogg Robinson Group have taken a further step in their programme of providing local insurance broking services throughout the world in conjunction with the Department of Industry of a new company, Albar and Hogg Robinson Sdn. Bhd. in Kuala Lumpur.

ASSOCIATE DEALS

Cazenove and Co. on January 6 purchased 150,000 Balcenia Hope shares (£25.50) for £3,750,000 on behalf of Harrison and Crossfield.

Klein Hat Realty, together with their associates purchased 1,720 Golden Hope Plantations' shares at 75.0p.

PROPERTY GROWTH GILT-EDGED

Property Growth Assurance is advertising the Property Growth Gilt-Edged Bonds this week-end. This offers investors the opportunity of investing in the gilt-edged sector, the underlying portfolio being invested either in gilts or in the money market to get the maximum return. Investment is made in conjunction with Sheppards and Chase and other leading gilt-edged brokers.

comment

The Property Growth Gilt-Edged Bond provides investors with a simple means of participating in the gilt-edged sector, with expert management of the portfolio, an essential feature if the maximum advantage is to be gained from this field. The minimum investment is £1,000 or investors can save regularly minimum £20 per month through the life assurance contract thereby getting tax relief and life cover.

Trident Gilt Fund offer

The Trident Gilt Edged Fund is being offered by investors this week-end by Trident Life Assurance. The portfolio is currently invested in long-dated gilt-edged securities over 15 per cent. gross. The management emphasises that it believes that interest rates in general will fall over the next few years and that capital appreciation will be boosted not only by a high roll-up of interest but by rises in gilt prices as interest rates fall. The minimum investment is £200 and for investors seeking income there is an automatic withdrawal plan, provided the investment is at least £1,000.

comment

The management of Trident Gilt Edged Fund is taking a very firm line on the way it expects interest rates to move over the next few years and has invested in long dated stocks to get the maximum benefit from the rise that would follow from the rates moving to a lower level. The fund is therefore aimed at the investor seeking capital growth and the next few years will ultimately depend on whether the views of the management are borne out. Investors seeking income can use the withdrawal scheme but should be aware of the tax position very carefully.

TARGET GILT EXCHANGE

Target Trust Managers is drawing investors attention this week-end to the share exchange scheme into the Target Gilt Fund, the first authorised gilt-edged unit investment policy to be launched. This aimed at investors holding a gilt-edged portfolio and offers them the opportunity to switch into this fund on favourable terms compared with a straight sale.

comment

King and Shaxson, the investment advisers to the Target Gilt Fund take the view that an active investment policy is the best way to maximise the return on a gilt edged portfolio. The share exchange scheme enables investors wishing to follow an active investment policy to do so with expert management. The fund is the first and only authorised unit trust to be launched and can be a more advantageous investment vehicle for an active gilt (and than the more normal life company bond fund.

Chieftain High Income

The recently formed Chieftain Trust Managers is offering investors this week-end the Chieftain High Income Units yielding an estimated 12 per cent. gross. The portfolio is invested almost entirely in high-yielding U.K. equities and holdings in preference shares at present only 2.5 per cent of the fund. The minimum investment is £250, accumulation units are available and there is a share exchange scheme and a monthly savings scheme.

comment

The Chieftain High Income Units was the first product from the stable of this newly-formed group launched by Peter Potts and two former colleagues of the National Britannia. It was regarded as a safe move since income funds in the unit trust movement and the fund has been well received by investors in the four months since inception. The performance to date has matched the optimism of the managers at outset, rising 13.8 per cent since the fund was first set up. The minimum investment is £250, accumulation units are available and there is a share exchange scheme and a monthly savings scheme.

PICCADILLY SHARE EXCHANGE

Piccadilly Unit Trust Management is drawing investors attention this week-end to the Piccadilly Share Exchange Plan which enables investors to exchange their equity portfolios for units in preferential shares. Acceptable shares will be taken at offer price, compared with the bid value obtainable if the shares are sold on the open market. The plan can move into any one of the seven funds under management.

comment

Share exchange schemes are now an important marketing outlet for unit trust sales, offering investors the opportunity to switch into equity investment vehicles which provide the expert management and changing investment conditions. The Piccadilly Share Exchange Plan gives investors the choice of exchanging their equity portfolios for units in preferential shares. Acceptable shares will be taken at offer price, compared with the bid value obtainable if the shares are sold on the open market. The plan can move into any one of the seven funds under management.

ARBUTHNOT FUND

Arbuthnot Securities is offering investors this week-end the Arbuthnot High Income Fund yielding an estimated 12 per cent. gross. The portfolio is invested in a wide range of high yielding equities to provide growth potential with the remainder in preference shares in the income. The minimum investment is £200, accumulation units are available and there is a share exchange scheme and a monthly savings scheme.

comment

The Arbuthnot High Income Fund oriented its investment policy towards high yielding equities to provide income growth, but has about one quarter of the fund in preference shares to boost the initial yield. The income funds have shown better capital growth performance over the past few years and this fund was among the leading performers for the U.K. oriented funds last year.

ISSUE NEWS

12.3% TAP STOCK

The Bank of England announced the issue of £600m. of 12.3 per cent. Treasury stock 1981 at £1.25 per £1.00 of nominal value, in full on application.

Interest on 12.3 per cent. Treasury stock 1981 is payable half yearly on May 23 and November 23, with the first interest payment on May 23 1977 at the rate of 44.35 per cent. The stock will be repaid at par on November 23, 1981.

The prospectus will be published on Tuesday and the applications will open and close on Thursday. Letters of Allocation in respect of 12.3 per cent. Treasury stock 1981 may be split on the day of issue and the interest on the split portion may be lodged at any time after receipt and not later than February 22, 1977.

Government attitude crucial

BY DAVID HOUSEGO, ASIA CORRESPONDENT

THE ATTITUDE adopted by the Malaysian Government will be crucial to the outcome of the merger of the three companies. The Government will now operate under a new Economic Policy under which Malays are given a greater share in foreign concerns. There has recently been a transfer of the holding company Permas Securities to the Board of Sime Darby. Through the Malay Foreign Investment Promotion Board, the Government is encouraging the transfer of the companies to Malaysia. The scheme was approved after the Government had increased the immediate Malay holding in the new company from 10 to 30 per cent. This equity was to have been taken up by the Government through the Bank of Commerce. On November 1 last it was announced that negotiations for the merger were at an advanced stage.

Since then the Malaysian Government appears to have had second thoughts. Hesitation has centred on the 10 per cent Malay holding which is increasingly considered insufficient to meet the requirements of the "New Economic Policy" at the same time Genting Highlands, a largely Chinese financed group in Malaysia but with powerful Malay support and which runs the country's only hotel and casino complex has increased its stake in Golden Hope to 22 per cent. This now seems sufficient to block the merger.

Datuk Ibrahim, chairman of Genting, and Datuk Lim Goh Tong, managing director are currently in London. Most of Genting's other directors here expect to arrive by the end of Monday's critical meeting and the negotiations are expected to follow.

Genting already had a 5 per cent interest in Golden Hope in 1974 which it acquired as part of a takeover bid. After the Press announcement on November 1, it disclosed that it had recently acquired a 10 per cent stake in Golden Hope. It is also reported that the company has been advised by the Government to increase its immediate Malay holding in the new company from 10 to 30 per cent. This equity was to have been taken up by the Government through the Bank of Commerce. On November 1 last it was announced that negotiations for the merger were at an advanced stage.

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Harrisons had evidently hoped for some open gesture of support from the Government. In the absence of this it is preparing contingency plans which it hopes will satisfy the Government should the merger not go through.

It became apparent last night that efforts made by Baring Brothers, on behalf of the "three sisters" to reach a compromise arrangement will be voted down at Monday's shareholders meeting. Genting, which holds over 22 per cent of Golden Hope and stands to have a 10 per cent stake in the new scheme company, has argued that commercially it may suffer as a result of the quality of the merged plantations. More importantly it claims that Malaysian interests are vulnerable to the "pyramiding" of the proposed scheme whereby Harrisons could control the company with a tighter control over Malaysian assets.

To counter this, Genting has proposed that the element of Malaysian underwriting in the scheme be increased from 10 per cent to 40 per cent, in which it would play an increased role.

For its part, the other side has offered to increase Genting's participation from 10 per cent to 16 per cent—in accordance with its shareholding in Golden Hope ahead of its recent purchase—but this has been completely unacceptable.

Baring, which has received a clear majority of shareholders' votes in favour of the scheme but an insufficient number to command the necessary 75 per cent vote, has not yet formulated firm plans in the likely event that its present proposals are defeated on Monday.

Coates is elected a director—for \$13,240 and against 2,910,280; Mr. F. L. Douglas is elected a director—for 1,500,411 and against 2,220,519.

A circular will, in due course, be despatched to all share holders covering this and other matters.

A spokesman for BCA said last night that, in spite of opposition from Nationwide, the terms of the offer would not be improved. The offer is a fair one in relation to the profitability of Nationwide, and is especially fair considering that the 3,400 shareholders are locked in," he said.

Take-over bids and mergers

Dunford and Elliott has rejected an increased £9m. takeover offer from fellow Sheffield steel group Johnson and Firth Brown. News of the fresh terms led an announcement that JFB's initial offer had won acceptances of only 11.4 per cent of Dunford shares. The new offer is in two parts and takes account of the Preference shares to be issued as a result of Dunford's recent £3m. rights issue which was backed by its leading institutional shareholders. JFB is now offering Dunford shareholders a one-for-one share exchange or 20 Ordinary shares for every seven Dunford new 10 per cent Preference shares.

London Brick has made an agreed 125p cash bid for the outstanding shares of Croydex not already owned. The offer is worth £3.74m. and values Croydex at £4.06m. The latter's directors and certain other shareholders have given irrevocable acceptances in respect of their holdings of 29 per cent of the capital. Other family interests should push this figure up to above 40 per cent which, together with London Brick's original stake of 8 per cent, seems likely to ensure control changing hands.

Argo Group SA, a private family trust of Mr. David Rowland, chairman of Williams Hudson, is offering £1.4m. for the outstanding shares in Williams Hudson it does not already own. The offer, at 25p per share, follows the purchase by Argo at the same price of a 5 per cent stake in WE held by Survivent on behalf of clients; this brought Argo's stake to 50.74 per cent. The WH Board, which holds 6 per cent of the equity, advises shareholders to take no action until it has had time to give the offer full consideration.

Bricom Investments, a subsidiary of British and Commonwealth Shipping, is bidding £2.05m. for the outstanding shares of Mentelth Trust. Bricom has purchased a 36.2 per cent stake in Mentelth at 16p per share from Rall Securities, a subsidiary of Benthair Corporation, bringing its total shareholding to 53.8 per cent. Bricom is extending the above terms to all other shareholders.

British Car Auction has made a bid worth around £600,000 for caravan retailing and property group Nationwide Leisure; dealings in the latter shares have been suspended since 1964. BCA's terms are one BCA Ordinary for every three Nationwide.

The Boards of the Beaver Group, chemical processors, and CH Industrial, the motor accessories company, are involved in talks which may lead to a merger.

Baker Perkins Holdings is intending to buy out the minority interests in its U.S. subsidiary Baker Perkins Inc. for \$4m. (£2.35m.).

Ranks Hovis McDougall, one of the U.K.'s top three bakers, is making a significant move into the North American food market through a \$23.1m. takeover bid for Red Wing Inc., a private company based in Fredonia, New York.

Company bid for	Value of bid per share**	Price of Market bid (£m)**	Value of bid (£m)**	Final Bidder	Acc'y date
Direct Spanish Telegraph	60.1	59	54	5.5	Trafalgar Hse.
Douhalah Tea	200*	180	107	4.8	Stewart Holl
Dunford Elliott	46	42	16	0.2	Johnson and Firth Brown
East Asiatic Rubber	\$US1.33*	105	105	10.8	Firth Brown
Equity Enterprises	3*	181†	181†	0.2	Equity Enterprise Company
Graff Diamonds	25*	25	24	0.4	Sandstar
Gross Cash Regstr.	200*	180	167	1.2	Stewart Holl
Head Wrightson	67	60	37	0.0	Davy Int.
Ingersoll	40*	40	38	1.0	Heron Corp.
Life of Men Assurance Inv.	62½*	60	60	0.6	Douglas Ests.
Kinloch	235*	236	133	13.8	Booker
London City & Westcliff Props.	22*	22	131	13.5	Lorbro
Lovell Shipping	188*	185	100	0.8	British Electric
Maldenhead Inv.	28*	25	24	2.1	Occidental
Marks (Afred)	40*	38	20	1.13	Adia Interim
Mentelth Inv.	16	15	13	2.05	Bricom Inv.
Mentelth Cattle	162½	73	103	3.9	Thos. Borwick
Mittler (JL)	36	35	15	0.3	Dartm. Invs.
Oliver Pett Control	200*	200	200	0.2	Thors Elect.
Richardson's	30*	26†	13†	2.7	Imperial Knife
Runkley Invs.	45*	31	31	0.5	Capper Neill
Runkley Invs.	54*	51	31	0.6	Arthur Lee
Sangamo Weston	120*	147	147	2.0	Schlumberger
Speer & Jackson	120	128	88	6.3	Hestir
Walker (C & W)	90*	118	01	0.3	Berry Best
Willeroft Inds.	120*	134	133	5.6	Ranson Trust
Williams Hudson	25	23	24	1.4	Argo Group SA

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)	Earnings per share*	Dividends per share (p)
Allied Breweries	Sept. 33	63,001 (60,200)	6.4	(6.11) 3.21 (3.20)
Barnagore June	Mar. 31	77.4 (23.0)	1.2	(3.9) Nil (Nil)
Birmingham Pallet	Oct. 31	133 (273)	7.0	(12.8) 3.3 (3.1)
Caplan Profile	Aug. 31	458 (412)	6.6	(6.8) 4.29 (4.29)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)	Interim dividends per share (p)
Amston Holdings	Oct. 31	83	(73) (0.75)
British Cms.	July 31	7	(58) (—)
Electronic Rentals	Sept. 30	4,933†	(2,720) 0.943 (0.553)
Esperanza Trade	Sept. 30	2,743	(1,078) 1.8 (1.6)
Fraternite Estab.	June 30	128	(26) (—)
Graham House	June 30	132	(22) 1.4 (1.4)
Morgan Crucible	Sept. 30	6,423†	(3,839) 0.888 (0.653)
Rainers	Oct. 6	375	(362) (—)
Samuel Heab	Sept. 30	373	(352) (—)
Smith Wallis	Sept. 30	63	(141) 1.1 (1.1)
Slead & Stimson	Sept. 30	104	(128) 0.53 (0.51)
Symonds Engrg.	Sept. 30	94	(128) 0.375 (0.263)
F. H. Tomkins	Oct. 31	320	(300) 0.3 (0.285)
J. Wadlington	Oct. 10	2,023	(821) 2† (3.1325)

BIDS AND DEALS

Imperial Knife raises offer to 30p

THE BOARD of Richards of Sheffield (Holdings) was yesterday considering with financial advisers a revised offer to take over Imperial Knife. The offer, an increased offer of 30p per share from Imperial Knife, was rejected by the Board. The board was told that the offer was inadequate and that Imperial was in an "unsuitable" position.

However, the latest document reveals that the new offer, which is 30p, is being accepted by members of the Richards family, who represent 10.28 per cent of the equity.

Richard's share price closed at 29½p higher last night at 29½p. The terms of the latest offer, which closes on January 22, have been improved to take account of the profits forecast of £500,000 for the year to March 31, 1977, made by Richards in its defence document and also on further information provided by Richards at the request of Imperial.

Records show that the Sheffield hand tools group has also been an active buyer of Richards shares recently and is believed to have accumulated a holding of at least 10 per cent. However, the offer was ruled out by the company last night following the improved terms from Imperial.

NATIONWIDE SAYS WAIT

Shareholders in Nationwide Leisure, whose share quotation has been suspended since 1964, are to be advised to take no action in response to the takeover bid from British Car Auctions. The offer—one BCA for every three Nationwide shares—places a value on each Nationwide share of just over 10p with BCA offering unchanged yesterday at 31p.

The Nationwide Board, which holds the view that any bid should be worth considerably more, has apparently been approached by the offer party which could lead to a "revival" bid.

In a letter to the chairman of Nationwide, joint scrutineers state they have examined the poll cards submitted at the AGM on December 17 and this has been done in conjunction with the computerised list of members prepared by the registrars on December 8 and amended to the date of meeting.

The results of scrutiny are as follows: that Mr. H. Dobson be elected a director—valid votes for 217,502 and against 1,510,973; that a majority of 1,293,471 in favour of Mr. Burgess as a director be announced for 1977-78; and on the second basis of forecast dividends will 1,538,798; that the appointment of Mr. J. Finch as a director be announced for 1977-78; and almost 25 per cent.

THOS. COOK SELLS U.K. FREIGHT INTERESTS

The Thomas Cook group, whose major shareholder, Midland Bank, is currently negotiating to purchase the holding of the group, has sold its U.K. freight operations to the Crosby House group for an undisclosed price.

A company spokesman said an agreement had been completed with Crosby House for the sale of the share and loan capital of Thomas Cook Freight in line with the group's decision to concentrate on air travel, banking, foreign exchange and travellers' cheques activities.

Thomas Cook Freight business represents less than 5 per cent of the group's worldwide turnover.

By August 1, 1977, the name of Thomas Cook Freight will be changed to give closer identity with that of Baker Britt and Co. which carries out the freight forwarding business of the Crosby House group.

ALFRED MARKS - ADIA

In the official document accompanying the agreed £11m. cash bid for Alfred Marks Bureau by Engineers (Sutton) made a pre-Adia Interim SA, Mr. Bernard Marks, chairman of AMB explains that, although interim losses of £143,000 will be recouped by the year end, any dividend would have at best been only nominal.

ANDRE SILENBLOC

Andre Silenbloc is to buy the holding Engineers (Sutton) from Charringtons Industrial Holdings for £375,360.

Consideration is 916,000 Andre Silenbloc shares at 41p which would give Charringtons an 8.1 per cent holding in the enlarged equity. These shares are intended to be held as a long-term investment.

In the year to March 31, 1976, the group's turnover was £1,111,111. Unaudited accounts to November 31 indicate a loss of a similar magnitude for the year end and net assets before deduction of interest on indebtedness, of around £740,000.

SNOW REPORTS

Depth	State	Temp.	Dir.	Wind	Cloud	Weather
Champney	5	58	10	10	10	Fine
Worm patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						

RECENT ISSUES

EQUITIES

Issue	Amount	Unit	Price	High	Low	Stock
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						

FIXED INTEREST STOCKS

Issue	Amount	Unit	Price	High	Low	Stock
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						

"RIGHTS" OFFERS

Issue	Amount	Unit	Price	High	Low	Stock
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						

High Iron

Richard's share price closed at 29½p higher last night at 29½p. The terms of the latest offer, which closes on January 22, have been improved to take account of the profits forecast of £500,000 for the year to March 31, 1977, made by Richards in its defence document and also on further information provided by Richards at the request of Imperial.

DUNFORD & ELLIOTT

The chairman of Dunford and Elliott, Mr. Frank Welch, has written to shareholders claiming that Johnson and Firth Brown's increased offer is still pitched at a derisory level. In view of the company's forecast Burgess as a director be announced for 1977-78; and on the second basis of forecast dividends will 1,538,798; that the appointment of Mr. J. Finch as a director be announced for 1977-78; and almost 25 per cent.

ALFRED MARKS - ADIA

In the official document accompanying the agreed £11m. cash bid for Alfred Marks Bureau by Engineers (Sutton) made a pre-Adia Interim SA, Mr. Bernard Marks, chairman of AMB explains that, although interim losses of £143,000 will be recouped by the year end, any dividend would have at best been only nominal.

ANDRE SILENBLOC

Andre Silenbloc is to buy the holding Engineers (Sutton) from Charringtons Industrial Holdings for £375,360.

Consideration is 916,000 Andre Silenbloc shares at 41p which would give Charringtons an 8.1 per cent holding in the enlarged equity. These shares are intended to be held as a long-term investment.

In the year to March 31, 1976, the group's turnover was £1,111,111. Unaudited accounts to November 31 indicate a loss of a similar magnitude for the year end and net assets before deduction of interest on indebtedness, of around £740,000.

SNOW REPORTS

Depth	State	Temp.	Dir.	Wind	Cloud	Weather
Champney	5	58	10	10	10	Fine
Worm patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						
Sunny patches on lower slopes						

RECENT ISSUES

EQUITIES

Issue	Amount	Unit	Price	High	Low	Stock
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						

FIXED INTEREST STOCKS

Issue	Amount	Unit	Price	High	Low	Stock
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						

"RIGHTS" OFFERS

Issue	Amount	Unit	Price	High	Low	Stock
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						
1976/77						

Start saving £20 a month

Finish with a small fortune

Do you want to build up capital, but you're not sure how? Tyndall have one of today's best answers—a Tyndall Savings Plan linked to the Tyndall Income Fund.

This unit trust is currently yielding 8.78%, and you could get rises in share values too. What's more—you can claim tax relief of up to 17% on your savings and you have life assurance to protect your family.

See for yourself how your capital can build up. For instance a man aged 34 saving £20 a month until age 65 could have the following:

Total outlay after tax relief	Estimated cash value at age 65 assuming that net accrued income and capital gains produce average annual growth of:
£5,940	6% £17,840
	8% £25,740
	10% £37,630

You can start a Plan for as little as £10 a month. Please complete and post the coupon for full information. No stamp is needed.

Tyndall Unit Trust Assured Savings Plan

Tyndall Assurance Ltd, FREEPOST, Bristol BS99 7BR.

Please send me your booklet on the Assured Savings Plan.

Name: _____ Age: _____

Address: _____

Not applicable to life insurance. FT 001/UTAS

Highly Taxed?

Improve your net return using Schlesingers unique 3-way portfolio

For higher rate taxpayers, income yield is far less attractive than capital gains made in an authorised unit trust: to the 70% taxpayer such gains are worth nearly 3 times the same income return, as the table shows:

GROSS INCOME YIELD NEEDED BY	To equal capital growth of
50% Taxpayer	14.6%
70% Taxpayer	43.7%
90% Taxpayer	87.5%

The solution is plain: to invest for capital growth. However growth investment often involves a degree of volatility unacceptable to most investors.

The objective is to achieve this growth with a higher degree of reliability than a normal equity portfolio investing for capital growth. For this reason the Trident Nil Yield Fund—with the PIMS service—has

Three portfolios in one

1. Gilt Edged and Loan Stocks. An actively managed portfolio of Government Stocks (63%) and other fixed interest investments (13%). This section currently accounts for 76% of the portfolio, because of the high guaranteed returns available in Gilts.
2. Overseas growth stocks with current emphasis on the U.S.A.—22% of the Fund. Back-to-back currency facilities substantially avoid the risks of the dollar premium.
3. U.K. equ

Sangers Group finance director

Mr. Anthony M. Goodman has been appointed to the post of finance director of the SANGERS GROUP.

Mr. F. D. Wood and Mr. J. F. Bedford have joined the Board of HAMBERLAIN GROUP.

Mr. G. H. Moody-Stuart at present development director of Booker Agriculture International, a subsidiary of Booker McConnell, is to be chief executive of the FJI SUGAR CORPORATION.

Mr. Herbert Shaw has been appointed director of WELDON AND SCOTT, a subsidiary of Allied Textile Companies.

Mr. Gordon Carr has been appointed general manager of the BUILDING SOCIETY, following the retirement of Mr. W. W. Moore.

Mr. John G. Middleton has retired from his chairmanship and membership of the GUILD OF LAND BUILDING SOCIETY.

Mr. Peter Kenyon has been appointed financial director of BARNES FLEXIBLE PACKAGING, part of the Smith's Packaging Group.

Mr. John Munson, currently managing director of Syntex Pharmaceuticals, has been appointed regional vice-president of the international pharmaceutical division of SYNTEX CORPORATION.

Mr. David Morgan, group solicitor, has been appointed to the main Board of the HUNTING GATE GROUP.

Mr. Peter Parker, chairman of British Rail, has been appointed to the BRITISH AIRWAYS BOARD.

Mr. W. P. T. Harper has become a director of BRYANNE AND BROWN (MARINE INSURANCE BROKERS).

Mr. Nigel Reynolds has been made managing director of P. P. Payne, part of the Norcross group.

Mr. Julian Wathen has been appointed director of the MERCANTILE AND GENERAL REINSURANCE COMPANY.

Mr. Michael Melville has joined HENRY SCHRODER WAGG AND CO. as an assistant director.

Dr. Jim Smith and Mr. Arthur Rimmer have been appointed to the Board of FIBROCEM, a joint Pilkington/Associated Portland Cement Manufacturers company.

Mr. D. G. Dodds has been re-appointed chairman of the MERSEYDE AND NORTH WALES ELECTRICITY BOARD.

Mr. M. J. Martin has been appointed a director of BAXTER, FELL AND CO. (TOWER WHARF), a subsidiary of Baxter, Fell and Co.

Mr. B. C. Smith has been appointed managing director of the BRITISH GAS CORPORATION for five years.

Mr. David Kleeman has joined the Board of the HUNTING GATE GROUP as a non-executive director.

Mr. R. J. Smart, previously manufacturing director, has been appointed executive director of LEVANT AND BUS.

Mr. Frank Saunders is now personnel director of the parts division, and Mr. Joe McGowan, general manager of the engineering services division.

Mr. Peter Parker, chairman of British Rail, has been appointed to the BRITISH AIRWAYS BOARD.

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GEC'S CAPITAL REORGANISATION • BY MICHAEL LAFFERTY

Largesse for shareholders

THE NEW capital reorganisation is necessary for two principal reasons which come together in the inseparable package. First, GEC wants to expand abroad at a time when its scope for acquisitions in the UK is likely to be restricted by monopoly considerations. Yet, because of exchange control restrictions, the group is also prevented from using cash surplus to its domestic requirements for investment outside the country.

The backbones of the company's success was its acquisition of Associated Electrical Industries (AEI) in 1967 followed by that of the English Electric Company (EEC) in 1968. What followed this has since been described as one of the most successful industrial re-organisations in British history.

One obvious measure of the group's success is shown by the transformation which has taken place in GEC's cash position over the past six years. In 1970 it had cash holdings of £231m, and the figure has now risen to approximately £375m. This improvement has been largely attributable to the better use of resources following the integration and reconstruction which followed the AEI and EEC acquisitions.

Thus GEC's dilemma was that it had an enormous treasure chest of surplus cash in the U.K. but it could not get it where it was needed for new expansion and investment. Nor could it distribute the surplus cash to its shareholders because of dividend restrictions.

The solution which GEC has come up with is as appealingly simple as it is administratively complex. Since the group cannot export permanent capital overseas it will instead raise new money on foreign capital markets for new investments in several countries, particularly the U.S. and Europe. (The exchange rate and other risks of borrowing overseas to finance expansion were considered unacceptable.)

An example could be a \$300m share flotation on Wall Street at a price in excess of the par value of the shares issued or where the value of any assets which it acquires is in excess of what is actually paid for them—the excess is the share premium. GEC's share premium account arose almost entirely as a result of the AEI and EEC acquisitions.

Without this share premium account the reconstruction would have ranked as a distribution for tax purposes. With it—because of what many consider to be an anomaly in the tax law—the deal is viable, and represents a repayment of capital gains tax.



The men who run GEC: Sir Arnold Weinstock (left), managing director, and Sir Kenneth Bond, deputy managing director.

But has anything really happened in terms of capital for existing shareholders? It would appear so, although their income position is considerably improved. On the other hand, if GEC was borrowing new money from other parties it could be said that the company was moving towards an optional debt/equity ratio for shareholders.

GEC is not the first British company to use its share premium to the advantage of its shareholders. Brent Walker, the leisure group headed by Mr. George Walker announced last September that it was repaying its shareholders £1.75m of capital on the grounds that these funds were surplus to the group's requirements. The device meant that 97 per cent of each shareholder's repayment would not be treated as a distribution for income tax purposes.

Over and over again, the same pattern has been repeated. The GEC scheme is different in a number of important respects. The issue of its loan notes does not lead to any immediate capital gains tax liability and none will arise until redemption or disposal by the holders. Nor does the issue of the loan notes constitute a distribution for income tax purposes save to a minimum extent in a special case.

Companies and investors will be looking at the new phenomenon—the variable rate loan note—which gives investors an instrument somewhat equivalent to a money market security bearing interest at a relatively high level which is geared to market rates. GEC and Brent Walker have also given a lead by showing companies who feel hampered by dividend restraint at least one temporary way of giving their shareholders a better deal.

There would then be a profit-sharing agreement between GEC (U.K.) and GEC (Overseas) on similar lines to Unilever arrangements. In other words all GEC shareholders would share profits on an agreed basis in the whole group, even though each of them would only hold shares in one of the companies.

However, before any such money could be made, the company had to deal fairly with the present shareholders, many of whom might be said to have

stocked it through thick and thin. This leads to the second reason for the capital reconstruction. It involves the issue of £178m of variable interest capital notes—a loan document with a floating rate of interest—

at a price in excess of the par value of the shares issued or where the value of any assets which it acquires is in excess of what is actually paid for them—the excess is the share premium. GEC's share premium account arose almost entirely as a result of the AEI and EEC acquisitions.

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GEC CAPITAL EMPLOYED

March 31, 1976

	Before reconstruction	After reconstruction
Share capital	471	471
Share premium	257	391
Reserves	783	605
Total shareholders' interest	1511	1467
Loan capital	128	306
Minority shareholdings in subsidiaries	29	29
	940	940

NON-BREADMAKING MILLING WHEAT—NORFOLK

Grade	Price
White	124.00
Golden Wonder	123.00

INTERNATIONAL GRAIN FUTURES MARKET

Commodity	Price
Wheat	124.00
Barley	123.00
Oats	122.00

COFFEE

Grade	Price
Arabica	124.00
Robusta	123.00

SUGAR

Grade	Price
White	124.00
Yellow	123.00

RUBBER

Grade	Price
Latex	124.00
Sheet	123.00

Wool Futures

Grade	Price
Wool	124.00

Grains

Grade	Price
Wheat	124.00
Barley	123.00

—but in a different form—the advantage that this gives them in higher income.

This raises the whole question of GEC's capital structure which, on the basis of the 1976 accounts consisted of 86 per cent. shareholders' funds and 14 per cent. borrowed money—a remarkably low debt/equity ratio! Now, because GEC has been lucky enough not to turn its share premium account into bonus shares a large proportion of the premium is being classified as debt and the debt/equity ratio suddenly looks much less inflated, with 66 per cent. of equity and 34 per cent. of debt.

But has anything really happened in terms of capital for existing shareholders? It would appear so, although their income position is considerably improved. On the other hand, if GEC was borrowing new money from other parties it could be said that the company was moving towards an optional debt/equity ratio for shareholders.

GEC is not the first British company to use its share premium to the advantage of its shareholders. Brent Walker, the leisure group headed by Mr. George Walker announced last September that it was repaying its shareholders £1.75m of capital on the grounds that these funds were surplus to the group's requirements. The device meant that 97 per cent of each shareholder's repayment would not be treated as a distribution for income tax purposes.

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The First Viking Commodity Trusts

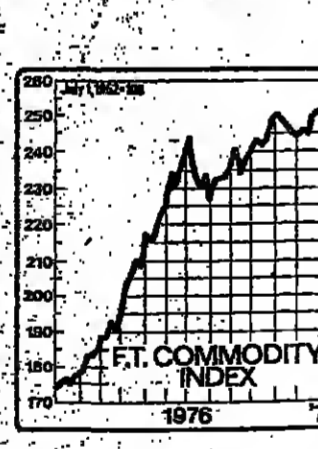
Commodity Offer 39.5
Trust Bid 37.5

Double Offer 100.0
Option Trust Bid 95.0

COMMODITIES Review of the week

Sugar slips to three-year low

AFTER WEEKS of very quiet trading, world sugar values moved down sharply this week following the announcement of an unexpectedly large Soviet crop. The London daily raws price fell 2p to 1107 a tonne, the lowest level since November 1973, while the world average terminal market the May position declined 6.6p to 1122.478 a tonne.



Later the U.S. Agriculture Department (USDA) forecast a record world crop of 37.6 million tonnes for the 1976/77 season. This figure was broadly in line with market thinking; (some dealers felt a larger crop was likely) but included a Russian figure of 8.2m, tonnes, which had already been outdated.

WEEKLY PRICE CHANGES

Commodity	1976/77	1976/77
Aluminium	2110	2110
Free Market	2110	2110
Antimony	2110	2110
Free Market	2110	2110
Copper	2110	2110
Cash Wire	2110	2110
Free Market	2110	2110
Lead	2110	2110
Free Market	2110	2110
Nickel	2110	2110
Free Market	2110	2110
Platinum	2110	2110
Free Market	2110	2110
Silver	2110	2110
Free Market	2110	2110
Gold	2110	2110
Free Market	2110	2110
Iron	2110	2110
Free Market	2110	2110
Steel	2110	2110
Free Market	2110	2110
Wool	2110	2110
Free Market	2110	2110
Grain	2110	2110
Free Market	2110	2110
Oil	2110	2110
Free Market	2110	2110
Beans	2110	2110
Free Market	2110	2110
Coffee	2110	2110
Free Market	2110	2110
Tea	2110	2110
Free Market	2110	2110
Sugar	2110	2110
Free Market	2110	2110
Rubber	2110	2110
Free Market	2110	2110
Wool	2110	2110
Free Market	2110	2110
Grain	2110	2110
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Oil	2110	2110
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Coffee	2110	2110
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Sugar	2110	2110
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Beans	2110	2110
Free Market	2110	2110
Coffee	2110	2110
Free Market	2110	2110
Tea	2110	2110
Free Market	2110	2110
Sugar	2110	2110
Free Market	2110	2110
Rubber	2110	2110
Free Market	2110	21

OVERSEAS NEWS

Andreotti may put incomes issue before Parliament

ROME, Jan. 7. THE ITALIAN Government, having failed this week to win trade union acceptance of its anti-inflation policies, is now expected to throw the whole question of incomes policy into Parliament...

West Germany's GNP rose 5.6%

WEST GERMANY'S Gross National Product rose 5.6 per cent in real terms during 1976, according to preliminary figures released by the Federal Statistical Office today.

Big Soviet fare rises announced

MOSCOW, Jan. 7. DOMESTIC AIR fares will increase by approximately 20 per cent in the Soviet Union and taxi fares will double, according to Mr. Nikolai Glushkov, chairman of the State Committee on Prices.

Carter names new staff

WASHINGTON, Jan. 7. PROFESSOR Richard Cooper from Yale University will become the Under Secretary for Economic Affairs in the new Carter administration, it was announced today.

Wallenberg statement on takeover

STOCKHOLM, Jan. 7. DR. MARCUS Wallenberg, 77, breaking his usual silence on business matters in a statement to the Swedish news agency last night, denied that he was the instigator of the KemaNord takeover bid for Swedish Match.

Pirelli's L50bn. rights issue

MILAN, Jan. 7. SIG. LEOPOLDO PIRELLI, chairman of Industrie Pirelli, the Italian operating company of the Pirelli Duopul uniso, announced today a capital increase of L.50bn. (about \$38m) through a rights issue for Pirelli SpA.

This week's SE dealings

Table with columns for Friday, January 7, Thursday, January 6, Friday, December 31, and Thursday, December 30. It lists various stock indices and their values.

Main table of stock market dealings, organized into sections: BRITISH FUNDS (L491), BREWERIES, DISTS. (231), INT. BANK STOCK, CORP. & COUNTY - U.K. (32), CANALS, DOCKS (12), COMMERCIAL INDUSTRIAL (423), PUBLIC BOARDS U.K. (17), C.W.I.L.T. & PROV. (18), FOREIGN STOCKS (43), U.K. & C.W.I.L.T. RAILS (2), FOREIGN RAILS (4), BANKS & DISCOUNT (256).

Table of international stock market dealings, organized into sections: CURRY (250), CEMENT (10), CHEMICALS (10), ELECTRICITY (10), METALS (10), OIL (10), RUBBER (10), SUGAR (10), WHEAT (10), OTHER (10).

American Motors glum

NEW YORK, Jan. 7. PAINTING A grim picture of the prospects for American Motors in the current year, the president, Mr. William Lucarelli, has warned union officials that the company will break even at best in its fiscal year to September 30, 1977.

AT & T seeks ruling

AT and T said the case would be "the most massive undertaking in the history of the American judicial system."

PanAm/Continental

PAN AMERICAN World Airways and Continental Airlines said they are discontinuing exchanges of technical information looking toward a possible merger, AP-DJ reports from New York.

BUILDING

AUTHORISED UNIT TRUSTS

Table of Unit Trusts including Abbey Unit Tr. Mgrs. Ltd., Bridge Fund Managers, Discretionary Unit Fund Managers, and various other fund listings with their respective assets and performance metrics.

Table of Unit Trusts including Hill Samuel Unit Tr. Mgrs. (a), M & G Group, NCL Trust Managers Ltd, and various other fund listings with their respective assets and performance metrics.

Table of Unit Trusts including Save & Prosper Group, Target Unit Mgrs. Ltd, and various other fund listings with their respective assets and performance metrics.

Table of Unit Trusts including various international and specialized fund listings with their respective assets and performance metrics.

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REGIONAL MARKETS: A selection of the share prices previously shown under regional headings is repeated below with quotations on London, Irish issues, most of which are not included in the London, are shown separately with prices by the Irish change.

INSURANCE, PROPERTY, BONDS: A collection of insurance and bond listings including Abbey Life Assurance, City of Westminster Assur. Soc, and various other providers.

INSURANCE, PROPERTY, BONDS: A collection of insurance and bond listings including various international and specialized providers.

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Table of Foreign Bonds & Rails with columns for Stock, Price, Dividend, and Yield.

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CANADIANS

Table of Canadian shares with columns for Stock, Price, Dividend, and Yield.

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Table of Building Industry shares with columns for Stock, Price, Dividend, and Yield.

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Table of Drapery and Stores shares with columns for Stock, Price, Dividend, and Yield.

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Table of Engineering shares with columns for Stock, Price, Dividend, and Yield.

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Table of Banks and Hire Purchase shares with columns for Stock, Price, Dividend, and Yield.

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Table of Chemicals and Plastics shares with columns for Stock, Price, Dividend, and Yield.

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Table of Industrial shares with columns for Stock, Price, Dividend, and Yield.

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Table of Reeres, Wines and Spirits shares with columns for Stock, Price, Dividend, and Yield.

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Table of Cinemas, Theatres and TV shares with columns for Stock, Price, Dividend, and Yield.

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Table of Engineering and Machine Tools shares with columns for Stock, Price, Dividend, and Yield.

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Table of Food, Groceries, etc. shares with columns for Stock, Price, Dividend, and Yield.

HIRE PURCHASE, etc.

Table of Hire Purchase, etc. shares with columns for Stock, Price, Dividend, and Yield.

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Table of Drapery and Stores shares with columns for Stock, Price, Dividend, and Yield.

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CONVERSION FACTOR

Conversion factor 0.6819 (0.6879)

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FINANCIAL TIMES

Saturday January 8 1977

REDIFON
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MAN OF THE WEEK

Ready for battle

By David Watt

IF ONE took a poll of British politicians today, not less than 90 per cent of them, I imagine, would say that Roy Jenkins had made a mistake in going to Brussels. Some would maintain that England—not to mention the Labour Party—needs him; others that even now he might have had long-term prospects of becoming Prime Minister; still others that the Presidency of the EEC Commission, which he took over this week, is a job in which his particular talents are wasted at this juncture in European affairs.

We can be certain that all these objections, and many others, have gone through Mr. Jenkins's own mind in the last few months for he is a man who has the kind of courage that must beat down terrible trepidation and doubt in every crisis before it carries his triumpantly through to a course of action he believes in. But now he is finally committed to Brussels I should be surprised if he has many regrets—at any rate at what he is leaving.

If he had stayed in British politics he might, it is true, be Chancellor of the Exchequer by this time—but who, having once occupied that hot of nails, would want to lie down a second time when every barb is twice as sharp?

Again, he would certainly be a power in the Cabinet—but he has never really got on with



ROY JENKINS
"Exhilarated... daunted"

Mr. Callaghan since the mid-60s, and he has become increasingly disenchanted with the Labour Party, as it has excluded more and more of his particular brand of Fabian social democracy.

As a matter of prediction he probably does not give the Callaghan government more than a few months of life anyhow; and though he has never said so in public, many of his friends believe that that he now pins his hopes for Britain on a realignment of the party system. His hopes for himself, if any, very likely do not have any clear shape beyond the next four or five years.

Detached

Whether he takes an equally detached view of the possibilities inherent in the Presidency of the Commission, it is hard to say. In theory, the pitfalls before him are obvious enough. If he takes up an unobtrusive administrative role within the EEC like his predecessor, he will certainly never get the show back on the road. But if he takes a grand political stance he is likely to get snubbed all round by the politicians of the Nine who are in no mood for supranational initiatives.

In practice one can make out the case that Mr. Jenkins will either be pushed into the less adventurous line or will adopt it before anyone has time to slap him down. He has, as Richard Crossman observed in his diaries, a strong streak of Welsh cunning and moreover having taken the job in the first place because he felt he had to get out of the frustrations of Westminster, he may have fairly minimal expectations.

But this prediction would leave out of account both his romanticism and his talents. Like Mr. Edward Heath, Mr. Jenkins actually believes in the EEC and he has a strong sense of its destiny—and his own. All this will turn him in the second, riskier course; and though the odds are against him he has a good deal of go for him as well. He has been in eclipse long enough perhaps, for the world to have forgotten just how formidable and complete a politician he is when he exerts himself. The intellect, the ability and his eloquence have all rusted a little without a cause to which to harness them. Europe, to Mr. Jenkins, is such a cause, and there is every prospect that he will do battle.

Carter unveils his \$30bn. package

By Jurek Martin, U.S. Editor

MR. JIMMY CARTER, President-elect, today unveiled a two-year \$30bn. package intended to stimulate the economy.

His announcement came after a meeting with Congressional leaders who immediately gave it their endorsement and promised to get the necessary legislative wheels moving as soon as possible.

According to Mr. Carter, just less than \$15bn. of the package will be applied this fiscal year and a similar amount next year. The \$15bn.-a-year level is more or less what had been predicted, although the extension into a second year comes as something of a surprise.

The package, as expected, consists of a mixture of tax relief and increased Federal

spending on programmes designed to ease unemployment, standing at 8.1 per cent.

Mr. Carter's proposals were given only in broad outline, but principal features include a combined tax rebate and temporary, higher social security benefits, worth between \$7bn. and \$11bn.

Public works

A drastic simplification of the tax code, which would give \$4bn. in relief to lower and middle-income Americans, is planned.

Corporations will receive the benefit of a \$2bn. tax cut, achieved through reductions in payroll taxes.

The present \$2bn. public works jobs programme will be expanded by a further \$4bn. and an extra \$3bn. to \$8bn. will

be spent in the private sector on various programmes in high unemployment areas.

Mr. Carter said that he believed his package would create about 800,000 extra jobs and would have the effect of reducing unemployment by a further 0.75 per cent, and a full 1 per cent within a year.

The package was necessary because the economy had been very stagnant.

Mr. Charles Schultz, who will be the chairman of the Council of Economic Advisors, estimated that the budgetary deficit next year would be between \$72bn. and \$76bn. minus some returns which could be expected from a higher level of economic activity.

Mr. Carter said that for the current fiscal year the deficit would be about \$60bn.

Setback for Leyland as car imports soar to new high

By Terry Dodsworth, Motor Industry Correspondent

BRITISH LEYLAND suffered another serious setback in the British car market last month as imports soared to an all-time high of 46 per cent.

The figures, which show Ford recapturing market leadership, underline the deep disruption caused to Leyland's production by the prolonged labour dispute at Rothery Owen, one of its principal component suppliers.

These production problems at Leyland are known to be causing anxiety to the Government and have led to a scaling-down of the company's profits forecast for last year to below £100m.

Ministers disturbed by the sharp rise in import sales last month, which were 15 per cent above the same month last year and were well ahead of the previous high of 43.5 per cent, recorded in September. Imports have been on a strongly rising trend in the second half of 1976.

Although the British motor industry has said in the past that imports of more than about 30 per cent would be intolerable, it is now difficult to see how they can be brought down to that level next year.

New products from Ford and Chrysler probably will help but a fresh factor in the equation is the large number of cars being

brought into the country by Ford, Chrysler and Vauxhall from their associate companies on the Continent.

For example, the second largest importer last month, bringing in 4,127 cars (6.76 per cent.), while the three companies combined accounted for imports of 6,956 cars (11.4 per cent.).

On the brighter side for Britain, the car market as a whole last month was a substantial 15 per cent up on December, 1975, and for the whole year has risen by 7.7 per cent, to 1,255,583 units. These are the best figures since the oil crisis year of 1973.

For the year as a whole, Leyland managed to retain the lead with sales of 352,679 (27.5 per cent.) against Ford's 324,354 (25.2 per cent.).

Vauxhall showed a substantial recovery on its performance last year, with sales of 114,594 against 87,576.

Datsun once again was the leading importer, lifting its sales from 64,011 last year to 85,553, despite the self-imposed limitation on Japanese sales in this country. Renault was second in the importer table, Volkswagen, suffering from the unfavourable exchange terms for the Deutsch-

U.K. CAR REGISTRATIONS				
	1976	%	December %	
Leyland	352,679	27.5	14,383	23.6
Ford	324,354	25.2	15,127	24.8
Vauxhall	114,594	8.9	6,471	10.6
Chrysler	82,905	6.4	3,669	6.0
Datsun	68,853	5.4	2,666	4.0
Renault	56,855	4.4	3,205	5.3
Fiat	48,595	3.8	4,179	6.9
VW/Audi	48,502	3.8	1,816	3.0
Others	188,246	14.6	9,482	15.4
Total	1,285,583	100.0	61,000	100.0

Source: S.M.A.T.

Soviet Union extends tests on supersonic airliner

By David Satter

THE SOVIET UNION'S TU-144 supersonic airliner, which was to have started passenger service in the second half of last year, will continue to be tested for the whole of this year with no prospect of regular passenger services getting under way.

This is revealed in a report by Mr. Boris Bugayev, the Soviet Minister of Civil Aviation, in the Soviet weekly, *Nedelnya*. Mr. Bugayev said the aircraft was undergoing "reinforcing work."

His report on the development of new Soviet aircraft breaks a long official silence on the TU-144.

Twice weekly TU-144 mail and cargo flights between Moscow and the central Asian city of Alma Ata started in December 1975, four weeks before the first scheduled flights of the Concorde, which they were expected to inaugurate.

Since then there have been problems with the TU-144 variously described as excessive fuel consumption, problems with engine alignment and wing-design, and vibrations.

The aircraft, which were once displayed prominently at Moscow's Domodedovo Airport, have recently been seen infrequently, leading to speculation that even the existing non-passenger flights scheduled may have been changed.

Mr. Bugayev's report indicates that the development of the

TU-144 is continuing but does not make clear when the plane can be expected to start passenger service.

In a report in the November 29 issue of the Government news paper *Izvestia* describing new passenger aircraft to be introduced during the 1978 to 1980 period Mr. Bugayev did not mention the TU-144. He did refer to the 350-passenger Ilyushin-96 Airbus, which was recently successfully test-flown, and the Yak-42 medium-range 120-passenger plane. Both are still being tested.

The Soviets last month signed a \$10m. contract with Lucas Aerospace for the purchase of an electronic fuel-injection system for the TU-144. This would improve the plane's fuel efficiency.

The Lucas contract is taken to be an indication that although work is continuing on the TU-144, it will be some time before it can be introduced into regular passenger service.

The final version of the 1976-1980 Five-Year Plan calls for the introduction of several new types of aircraft.

GEC shares fall 12p

By Margaret Reid

SHARES of GEC lost some of their recent gains yesterday after the unveiling of the novel capital re-organisation scheme under which shareholders will receive 35p of floating rate capital notes for each share.

The price, which had risen 33p since plans for a reconstruction were announced on December 8, closed 12p down at 183p last night. There was some disappointment that there will be no special increase in the share dividend itself, as distinct from the issue of the loan notes.

Stock Exchange dealings in the notes—the first of their kind to be denominated in sterling—will begin on March 14, assuming that shareholders approve the scheme at a special meeting on January 31.

In the stock market, one talking point was whether other cash-rich groups might take their cue from GEC's move.

Be tough over fishing limits, says Tory MP

BRITAIN should take off the kid gloves in negotiations over fishing limits, Mr. Teddy Taylor, Shadow Scottish Secretary, said yesterday.

The fishing industry was put in a desperately serious situation by the removal of quotas from January 1.

"In a relatively short time, there could be a danger that the fish will be fished out of the sea," Mr. Taylor said.

"The time for kid glove diplomacy has come to an end," The Conservatives would be

pressing the Government to take a tougher line with the EEC on fishing limits. Since the removal of quotas there had been "massive fishing" by our own fishermen and by foreigners.

The results could be catastrophic by the end of the day. If we fail to get anything done, the British Government could pass a law declaring our own limits.

It may be that this would be helpful to the EEC. But if you want to gain respect in the EEC you have to act in the toughest possible way to protect your interests."

Continued from Page 1

Nuclear

underwriting capacity would have to be created in Britain.

Adrian Hamilton writes: The problem of performance bonds is now attracting the attention of a number of Government-inspired committees, including a sub-committee of the Roll committee for finance set up by the National Economic Development Committee.

The National Enterprise Board has also made its own attempts, through partnership with GEC and others, to provide this financial backing in exchange for an equity interest.

So far, however, there has been no solution to the problem of finding guarantees for performance without taking too much of the potential profit from the contract themselves or providing a virtual Government subsidy at high risk.

Jenkins promises 'European' presidency

By Guy de Jonquieres

BRUSSELS, Jan. 7. MR. ROY JENKINS, with agreement on the composition of the new EEC Commission finally reached, promised early today to put his long experience as a professional politician to work so as to become "the European President, not a British President" of the Commission.

He was able to announce after about 15 hours of that he and his 12 colleagues had decided unanimously on the division of the responsibilities which they will hold over the four-year life of the new Commission, which held its first formal meeting yesterday.

The titular responsibility for external affairs has been awarded to a German member, Herr Wilhelm Haferkamp.

Probably the main innovation of Mr. Jenkins's presidency is that other commissioners will be free to play a bigger role in dealing with the international aspects of their portfolios than in the past.

For instance, Mr. Finn Olav Gundelach, the Dane who has moved from responsibility for internal market to the key agricultural post, will continue to be involved in developing the new EEC policy, notably in negotiations with non-EEC countries, such as Iceland, on fisheries agreements.

M. Francois Xavier Ortoli, the outgoing Commission president, has been given responsibility for another weighty job, economic and financial affairs. Britain's second commissioner, Mr. Christopher Tugendhat, former Conservative MP, has been assigned the task of looking after the EEC budget, financial controls and institutions, personnel and administration.

Though Mr. Tugendhat's duties are not considered major, Mr. Jenkins is expected to rely on him quite heavily to keep a close eye on the detail of EEC finances, which can often play an important role in formulation of policy decisions.

Mr. Jenkins in addition to his main function as "first among equals," has taken under his wing the Press and Information services of the Commission.

He laid special emphasis on the need to project the Commission's public image more effectively, and promised to hold frequent Press conferences himself.

Internally, the Commission's structure has been modified in several ways to improve efficiency, notably by grouping under one Commissioner responsibility for co-ordinating the EEC's funds.

A special post has been created for dealing with applications for EEC membership.

Still to be settled is the composition of the directorates general, the Commission's operating divisions, and the appointment of the department heads to run them.

First view of the Jenkins style, Page 11

Meriden calls in Lever

By Peter Cartwright and Rupert Cornwell

MR. HAROLD LEVER, Chancellor of the Duchy of Lancaster, will be called in by the Meriden Motorcycle Co-operative as part of a last-ditch effort to persuade the industry Department to change its mind and inject more rescue funds.

The Meriden team yesterday called off a planned meeting in favour of wider talks on Monday, which they hope will involve Mr. Lever and Mr. Jones.

Arguing for the co-operative will be Mr. Geoffrey Robinson, Labour MP for Coventry North-West, former boss of Jaguar Cars, and one of the architects of original scheme under which Meriden secured almost £3m. in Government assistance.

Mr. Robinson said yesterday that the co-operative would carry on a strong fight for survival and be bas behind him the support of several Labour Left-wingers. Mr. Denis Johnson, the co-operative chairman, will also attend the talks on Monday.

But the chances of success for Meriden look slim. The Department's move was approved by the Cabinet before Christmas, thus implying the acquiescence of Mr. Anthony Wedgwood Benn, the driving force behind the creation of co-operatives when he was Industry Secretary in 1974 and 1975.

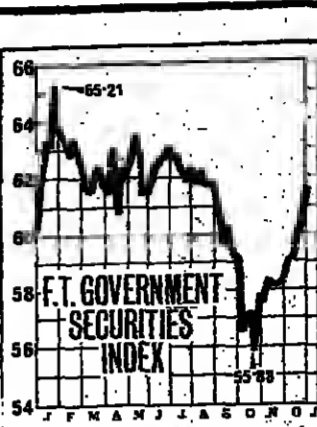
Meriden was one of three co-operative organisations which attracted support from the Government during Mr. Benn's spell at the Industry Department.

Of the other two, Scottish News Enterprises, which received £1.2m., has failed, while Kirby Manufacturing and Engineering, which received £3.9m., is now making small profits.

THE LEX COLUMN

Floating off a new concept

Index fell 2.5 to 365.3



With money continuing to pour into the gilt-edged market, the long tap (Treasury 15 1/2 per cent. 1996 "A") ran out as the market opened yesterday morning. Issued a week ago at 98, the stock closed at 101 1/2 and it represents the bulk of the \$500m. or so of gilts which the market makers might have been sold this week.

As expected a cut in Minimum Lending Rate was followed by the appearance of a new short tap, £60m. Exchequer 12 1/2 per cent. 1981 in the afternoon and at an issue price of 96 1/2 it seems to be broadly in line with the rest of the market. Free from the restraining influence of the Government Broker, longs bounded ahead and ended with a loss of over 2 points; even War Loan managed a half point rise to 26 1/2.

With nearly three months to spare the Government has now completed its funding requirements for the current financial year, and despite a marked reduction in the institutions' levels of liquidity, the market is still hungry for stock. Having moved from famine to feast, the authorities now face a dilemma exactly opposite to that which they had to tackle late last summer. Gilt purchases are forcing interest rates down faster than they would ideally like. And although the temptation must be to keep on meeting the market's seemingly insatiable appetite, the authorities have to weigh up how ferocious a money squeeze they are prepared to contemplate.

Already it looks as though the next set of money supply figures will show no growth, and possibly even a minus figure.

There has been strong rumour that the Government Broker would take advantage of the current climate to try out something new yesterday—in the shape of a variable coupon gilt-edged stock. This did not appear, however, and in fact it would have been a nonsense if it had. Such a stock may well represent a worthwhile addition to the GB's armoury, when there is a problem of excess liquidity in the private sector and interest rates are generally expected to rise. But it would be no kind of experiment to bring one out at a time when everyone is betting on a fall in rates. The only impact would be to focus attention to an even greater extent on the fixed coupon stocks which are already available.

However, such an issue seems likely sooner or later, and GEC has now broken the ice by

using floating rate capital notes as an integral part of its proposed capital reconstruction. This is a new animal in the U.K., and to find anything like it in any quantity one has to turn to the Eurobond market. The first issue was for a state-owned Italian utility back in May 1970, and in the following four years \$0.5bn. similar issues for a handful of industrial companies and government agencies were launched. Since the summer of 1975, the market has mushroomed and almost \$2bn. of floating rate notes have been raised for banks. Since the bulk of their medium term lending is floating rate, such notes issues help them to match their commitments at favourable rates, and are a convenient way of building up their capital base.

But the people who buy such notes—often other banks or wealthy foreign investors—are unlikely to be terribly interested in the GEC experiment, and the same goes for the U.K. little long-term local savings institutions. The life assurance companies want to be able to match their liabilities, and the pension funds want to invest in longer term holdings, and for other institutions the rate will have to compete favourably with near-cash alternatives like three month Certificates of Deposit, since such notes are likely to be rather less marketable.

So companies which want to borrow money in this way (unlike GEC, which wants to give it back) have to face the fact that the potential market is likely to be fairly limited. The type of investor who puts money into local authority deposits or yearling bonds may find the notes attractive, how-

ever, and it could be an alternative to the sizeable floating rate society deposit. It is recalling that when Guinness decided to issue \$550m. of floating rate notes on the domestic U.S. market in the summer of 1974, it came under heavy fire from the Federal Reserve—mainly because it was seen as a potential threat to the savings and loan institutions, the U.S. equivalent of building societies.

White Child & Boney

A number of important companies have been raised, but this is the first time plan to inject £1.5m. of equity into White Child and Boney, which would give a 24 per cent. holding in the enlarged company. The plan has already put money into a clutch of half a dozen other companies from its London office, but this is the first time move by one of its regional offices.

Unlike some of the other WCB is a healthy expanding company, but it hardly features on the commanding heights of the economy. It has managed itself with something to spare in recent years, and does not go on question of it being able to raise money from other sources to help fulfil its ambitious expansion plans. However, it has been able to persuade NCB to put money into the market, which would have contemplated—with no strings on the share price.

Moreover the NCB has stepped into extremely delicate ground. As a legacy of an unsuccessful bid attempt two years ago Guinness has a holding of nearly 44 per cent. in the company. It has no Board representation, and there has been a little long-term local investment, of this size significantly, perhaps, it has been buying shares in a money way in recent months.

It now faces a dilemma which needs to be approved by a majority of over 50 per cent. It risks the accusation of acting against other shareholders' interests. If it accepts the deal its holding will be diluted down to under 35 per cent., in which case it would have to consider either selling the lot or trying another bid. In the circumstances, it would have been sensible for the NCB to have talked things over with Guinness before announcing the deal: as it is, it could find itself with a squabble on its hands.

Weather

U.K. TO-DAY
MOSTLY dry, but scattered showers in Scotland and N. Ireland.
S.E. Cent., S. England, Midlands, Channel Isles
Dry. Bright intervals. Max. 6C (43F).
W. England, Wales, Lakes, Isle of Man
Mostly dry. Bright intervals. E. Anglia, E. N.E. England
Mostly dry. Bright intervals. Winds N.W., strong at times on coasts and hills. Max. 6C (43F).
Borders, Edinburgh, Glasgow, Dundee, Aberdeen, N.E. Scot., land, Cent. Highlands, Murray Firth, Argyll, N. Ireland
Scattered showers, wintery over hills. Rather cloudy. Winds N.W., strong on exposed coasts and hills. Max. 7C (45F).
Orkney, Shetland
Scattered showers. Max. 5C (41F).
Outlook: Colder, wintery in places.

BUSINESS CENTRES

	Yday	Mid-Op	Yday	Mid-Op
Algeria	115	115	115	115
America	115	115	115	115
Barbados	115	115	115	115
Belgium	115	115	115	115
Bombay	115	115	115	115
Buenos Aires	115	115	115	115
Calcutta	115	115	115	115
Canton	115	115	115	115
Cebu	115	115	115	115
Hankow	115	115	115	115
Hong Kong	115	115	115	115
London	115	115	115	115
Lyons	115	115	115	115
Manila	115	115	115	115
Medan	115	115	115	115
Osaka	115	115	115	115
Paris	115	115	115	115
Rangoon	115	115	115	115
Singapore	115	115	115	115
Sourabaya	115	115	115	115
Tokyo	115	115	115	115
Yokohama	115	115	115	115

HOLIDAY RESORTS

	Yday	Mid-Op	Yday	Mid-Op
Ajaccio	115	115	115	115
Algeria	115	115	115	115
Amsterdam	115	115</		